

BEFORE THE
ILLINOIS COMMERCE COMMISSION

1
2
3 COMMONWEALTH EDISON COMPANY) DOCKET NO.
4) 00 -0259
5 Petition for expedited approval of)
6 implementation of a market-based)
7 alternative tariff, to become effective)
8 on or before May 1, 2000, pursuant)
9 to Article IX and Section 16 -112 of)
10 the Public Utilities Act.)
11)
12 CENTRAL ILLINOIS PUBLIC SERVICE COMPANY) DOCKET NO.
13 UNION ELECTRIC COMPANY) 00 -0395
14)
15 Petition for approval of revisions to)
16 market value tariff, Rider MV.)
17)
18 ILLINOIS POWER COMPANY) DOCKET NO.
19) 00 -0461
20 Proposed new Rider MVI and revisions)
21 to Rider TC.)CONSOLIDATED
22
Springfield, Illinois
October 5, 2000
Met, pursuant to notice, at 9:00 A.M.
BEFORE:
MR. LARRY JONES, Examiner
SULLIVAN REPORTING COMPANY, by
Cheryl A. Davis, Reporter, #084 -001662
Carla J. Boehl, Reporter, CSR # 084 -002710

1 APPEARANCES:

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22 (Appearing on behalf of the Illinois
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(Appearing on behalf of the Staff of the
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14 (Appearing on behalf of Unicom Energy,
15 Inc.)

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2	PAUL R. CRUMRINE			
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3	By Ms. Read	896	1207/1209	
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1 PROCEEDINGS

2 (Whereupon ICC Staff Exhibits
3 5.0 and 5.0P and ComEd
4 Exhibits 6 through 10,
5 inclusive, were marked for
6 identification.)

7 EXAMINER JONES: On the record.

8 Good morning. I call for hearing the same
9 three dockets as the last three days: 00-0259,
10 00-0395, and 00-0461. These matters are
11 consolidated. 0259 is ComEd, 0395 would be the
12 Ameren Companies, 0461 Illinois Power, all
13 pertaining to market value proposals.

14 May we have the appearances orally for the
15 record. As before, if you have already entered your
16 appearance, you do not need to give us your phone
17 number or business address unless you want to.
18 First on behalf of ComEd.

19 MS. READ: Sarah Read, Cam Findlay, Courtney
20 Rosen, Sidley & Austin, appearing on behalf of
21 Commonwealth Edison Company.

22 EXAMINER JONES: Thank you.

1 Illinois Power.

2 MR. LAKSHMANAN: Joseph L. Lakshmanan, appearing
3 on behalf of Illinois Power Company.

4 EXAMINER JONES: Ameren Companies.

5 MR. FLYNN: Christopher Flynn, for the Ameren
6 Companies.

7 EXAMINER JONES: NewEnergy.

8 MR. FEIN: David I. Fein and Christopher J.
9 Townsend, of the law firm of Piper, Marbury, Rudnick
10 and Wolfe, and Julie Hextell, on behalf of NewEnergy
11 Midwest, L.L.C.

12 EXAMINER JONES: Okay. Thank you.

13 Commission Staff.

14 MR. REVETHIS: Steven G. Revethis, John
15 Reichart, and John C. Feeley, on behalf of the
16 Illinois Commerce Commission Staff, Mr. Examiner.

17 EXAMINER JONES: All right. CILCO.

18 MR. SEIDEL: W. Michael Seidel, for the law firm
19 of Defrees & Fiske, appearing on behalf of Central
20 Illinois Light Company.

21 EXAMINER JONES: And for IIEC, I think
22 Mr. Robertson will be returning and entering his

1 appearance soon.

2 Nicor Energy, L.L.C.

3 MR. MUNSON: Michael Munson, from the law firm
4 of Michael A. Munson.

5 EXAMINER JONES: Unicom Energy. There's no
6 appearance this morning for them.

7 Attorney General.

8 MR. WARREN: R. Lawrence Warren and Mark
9 Kaminski, of the Attorney General's Office, on
10 behalf of the People of the State of Illinois.

11 EXAMINER JONES: Are there other parties wishing
12 to enter appearances this morning? Let the record
13 show there are not at this time.

14 I think we have a witness lineup. I don't
15 know if there is to be some reshuffling of that. I
16 think that Staff wants to take care of the testimony
17 of Mr. Griffin. Is that right, Mr. Reichart?

18 MR. REICHART: That's correct, Mr. Examiner.

19 EXAMINER JONES: So is there a motion you want
20 to make regarding that?

21 MR. REICHART: Yes. Staff would move to have
22 admitted into the record the Direct Testimony of

1 Thomas L. Griffin. There are two versions, a
2 redacted and proprietary version. The redacted
3 version has previously been marked for purposes of
4 identification as ICC Staff Exhibit 5.0 entitled
5 Redacted Direct testimony of Thomas L. Griffin
6 consisting of four typewritten pages. The
7 proprietary version has previously been marked as
8 ICC Staff Exhibit 5.0P titled Proprietary Direct
9 Testimony of Thomas L. Griffin, also consisting of
10 four typewritten pages.

11 Both of these documents have attached to
12 them an affidavit in which Mr. Griffin has indicated
13 that he is familiar with the contents of the
14 testimony and the testimony is true and correct to
15 the best of his knowledge.

16 EXAMINER JONES: Thank you.

17 Any objections to that? There are none.
18 Staff Exhibits 5.0 and 5.0P are admitted into
19 evidence at this time.

20 (Whereupon ICC Staff Exhibits
21 5.0 and 5.0P were received
22 into evidence.)

1 MR. REICHART: Thank you.

2 EXAMINER JONES: I would just note again for the
3 record that we won't do it at this minute , but all
4 the proprietary or confidential or unredacted
5 testimony would be an evidence matter that we will
6 need to get specific lists of individuals and
7 companies who are entitled to see that. That also
8 goes for the in camera testimony transcripts, and
9 that will be by individuals similar to what Ms. Read
10 provided for ComEd, and we will need to match that
11 up by exhibit and by in camera testimony portions.

12 MS. READ: Your Honor, if it would be helpful,
13 we would commit to working with Staff to provide a
14 single, comprehensive list of the proprietary
15 exhibits and in camera portions, circulate that to
16 the parties to make sure it's accurate, and file it
17 within two weeks of the end of hearings.

18 EXAMINER JONES: Yeah, that sounds good. I
19 think we might need it a little sooner than that
20 because I think as soon as that testimony gets to
21 the Clerk's Office, the transcript testimony gets to
22 the Clerk's Office as well as the proprietary

1 exhibits, then theoretically from that point forward
2 there may be parties seeking access to that, and
3 they'll be thinking about writing briefs and things,
4 so we might need to accelerate that some just for
5 that reason.

6 MS. READ: We could do the exhibits early next
7 week. The transcript we've ordered expedited but
8 not daily, and I understand I'll get the last
9 transcript next week and may need a few days at that
10 point.

11 EXAMINER JONES: Well, we'll probably talk about
12 this a little bit later today. I'm not sure how
13 quickly we'll need this, but we may need it fairly
14 quickly so parties will have access to that, and we
15 have a situation with the Staff testimony, for
16 example. Some of that confidential testimony is
17 available only to ComEd and other testimony is
18 available only to Ameren.

19 MS. READ: Right.

20 EXAMINER JONES: So we just need to be really
21 specific regarding that. We may get back to that
22 later today, too, to try to pin down the times a

1 little bit.

2 Off the record regarding the witness
3 order.

4 (Whereupon at this point in
5 the proceedings an
6 off-the-record discussion
7 transpired.)

8 EXAMINER JONES: Back on the record.

9 There was a short off-the-record
10 discussion for the purposes indicated.

11 Mr. Robertson, do you want to go ahead and
12 enter your appearance right now before we get to the
13 witnesses?

14 MR. ROBERTSON: Yes. Eric Robertson, Lueders,
15 Robertson and Konzen, IIEC.

16 EXAMINER JONES: Thank you.

17 All right.

18 MR. McDEVITT: One more, Mr. Examiner. Dan
19 McDevitt for Unicom Energy.

20 EXAMINER JONES: All right. Could you give us
21 your business address and phone number, sir?

22 MR. McDEVITT: Yes, sir; 321 North Clark Street,

1 Suite 3400, Chicago, 60610.

2 EXAMINER JONES: Thank you.

3 Was there anything else the parties wanted

4 to take up up front before we get to the witnesses?

5 All right. There is not, so I think that brings us

6 to the ComEd witness panel. Is that right?

7 Consisting of two individuals.

8 Please raise your right hands to be sworn.

9 (Whereupon the witnesses were

10 sworn by Examiner Jones.)

11 EXAMINER JONES: Please be seated.

12 MS. READ: Your Honor, I'll proceed with the

13 traditional direct, and then when I'm done with that

14 we have some additional direct on the NewEnergy

15 surrebuttal.

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1 PAUL R. CRUMRINE

2 DAVID E. NICHOLS

3 called as witnesses on behalf of Commonwealth Edison
4 Company, having been first duly sworn, were examined
5 and testified as follows:

6 DIRECT EXAMINATION

7 BY MS. READ:

8 Q. Mr. Crumrine, could you please state your
9 full name for the record, by whom you're employed,
10 and in what position?

11 A. (Mr. Crumrine) Paul R. Crumrine. I'm
12 employed by Commonwealth Edison. My title is
13 Director - Regulatory Strategies & Services.

14 Q. Mr. Nichols, could you please state your
15 full name for the record, by whom you're employed,
16 and in what position?

17 A. (Mr. Nichols) My name is David E. Nichols.
18 I'm employed by Commonwealth Edison. I'm a Senior
19 Planner in Strategic Planning.

20 Q. Mr. Nichols, do you have a copy of what
21 has been marked for identification as ComEd Exhibit
22 6 in this proceeding titled Direct Testimony of

1 David E. Nichols dated March 31, 2000, consisting of
2 14 pages of questions and answers and an attached
3 verification?

4 A. (Mr. Nichols) Yes, I do.

5 Q. Was this testimony prepared by you or
6 under your supervision and control?

7 A. (Mr. Nichols) Yes, it was.

8 Q. Do you have any corrections, additions, or
9 modifications which you wish to make to this
10 testimony at this time?

11 A. (Mr. Nichols) No, I do not.

12 Q. If you were asked the questions set forth
13 in ComEd Exhibit 6 today, would your answers be as
14 set forth therein?

15 A. (Mr. Nichols) Yes, they would.

16 Q. Mr. Crumrine, do you have a copy of what
17 has been marked for identification in this
18 proceeding as ComEd Exhibit 7 titled Direct
19 Testimony of Paul R. Crumrine dated March 31, 2000,
20 consisting of 18 pages of questions and answers and
21 an attached verification?

22 A. (Mr. Crumrine) Yes, I do.

1 Q. Was this exhibit prepared by you or under
2 your supervision and control?

3 A. (Mr. Crumrine) Yes.

4 Q. Do you have any corrections, additions, or
5 modifications which you wish to make to ComEd
6 Exhibit 7 at this time?

7 A. (Mr. Crumrine) I have one modification
8 that on pages 2 and 3 give my title and my current
9 responsibilities. In March that reflected my
10 responsibilities at that time. Those have since
11 changed. They're correctly reflected in the
12 additional testimony -- additional direct testimony
13 that we filed in August. I don't need to restate
14 the entire responsibilities, but they are correctly
15 stated there.

16 Q. Okay. With that update, if you were asked
17 the questions set forth in ComEd Exhibit 7 today,
18 would your answers be as set forth therein?

19 A. (Mr. Crumrine) Yes.

20 Q. Messrs. Crumrine and Nichols, do you have
21 a copy of what has been marked for identification in
22 this proceeding as ComEd Exhibit 8 consisting of ten

1 pages of questions and answers and one attachment
2 entitled Testimony of Paul R. Crumrine and David E.
3 Nichols in Dockets 00-0395 and 00-0461?

4 A. (Mr. Crumrine) Yes.

5 A. (Mr. Nichols) Yes.

6 Q. Was this document prepared by you or under
7 your supervision and control?

8 A. (Mr. Crumrine) Yes.

9 A. (Mr. Nichols) Yes.

10 Q. Do you have any additions, corrections, or
11 modifications to make to ComEd Exhibit 8 at this
12 time?

13 A. (Mr. Crumrine) No.

14 A. (Mr. Nichols) No.

15 Q. If you were asked the questions set forth
16 in ComEd Exhibit 8 today, would your answers be as
17 set forth therein?

18 A. (Mr. Crumrine) Yes.

19 A. (Mr. Nichols) Yes.

20 Q. Mr. Crumrine and Mr. Nichols, do you have
21 a copy of what has been marked for identification in
22 this proceeding as ComEd Exhibit 9 titled Rebuttal

1 Testimony of Paul R. Crumrine and David E. Nichols
2 consisting of 17 pages of questions and answers and
3 one attachment denominated Attachment A?

4 A. (Mr. Crumrine) Yes.

5 A. (Mr. Nichols) Yes.

6 Q. Do you have any corrections, additions, or
7 modifications which you wish to make to ComEd
8 Exhibit 9 at this point in time?

9 A. (Mr. Crumrine) No.

10 A. (Mr. Nichols) No.

11 Q. If you were asked the questions set forth
12 in ComEd Exhibit 9 today, would your answers be as
13 set forth therein?

14 A. (Mr. Crumrine) Yes.

15 A. (Mr. Nichols) Yes.

16 Q. Mr. Crumrine and Mr. Nichols, do you have
17 a copy of what has been marked for identification in
18 this proceeding as ComEd Exhibit 10 consisting of 17
19 pages of questions and answers with six exhibits
20 denominated Exhibits 1 through 6 attached and titled
21 the Surrebuttal Testimony of Paul R. Crumrine and
22 David E. Nichols?

1 A. (Mr. Crumrine) Yes.

2 A. (Mr. Nichols) Yes.

3 Q. If you were asked the questions set --
4 strike that.

5 Was ComEd Exhibit 10 prepared by you or
6 under your supervision and control?

7 A. (Mr. Nichols) Yes.

8 A. (Mr. Crumrine) Yes.

9 Q. Do you have any corrections, additions, or
10 modifications which you wish to make at this time to
11 ComEd Exhibit 10?

12 A. (Mr. Crumrine) No.

13 A. (Mr. Nichols) No.

14 Q. If you were asked the questions set forth
15 in ComEd Exhibit 10 today, would your answers be as
16 set forth therein?

17 A. (Mr. Crumrine) Yes.

18 A. (Mr. Nichols) Yes.

19 MS. READ: Your Honor, I move for the admission
20 of ComEd's Exhibits 6, 7, 8, 9, and 10, and then I
21 am prepared to proceed with our additional direct.

22 EXAMINER JONES: Just a quick point of

1 clarification, the Attachment A to the ComEd Number
2 9 is no longer designated as confidential. Is that
3 correct?

4 MS. READ: That's correct, and that designation
5 should be stricken on the record copy.

6 EXAMINER JONES: All right. And the attachments
7 to the joint surrebuttal are to be treated as
8 attachments to and part of that exhibit. Is that
9 right?

10 MS. READ: That is correct.

11 EXAMINER JONES: All right. Any objections to
12 the admission of those exhibits?

13 MR. REVETHIS: No objection.

14 MR. MUNSON: Subject to cross.

15 EXAMINER JONES: I'm sorry?

16 MR. MUNSON: I just said subject to cross.

17 EXAMINER JONES: All right. Subject to cross,
18 ComEd Exhibits 6, 7, 8, 9, and 10 are admitted into
19 evidence.

20 (Whereupon ComEd Exhibits 6,
21 7, 8, 9, and 10 were received
22 into evidence.)

1 DIRECT EXAMINATION (Cont'd)

2 BY MS. READ:

3 Q. Mr. Crumrine and Mr. Nichols, have you had
4 an opportunity to review the Joint Surrebuttal
5 Testimony of Philip R. O'Connor and Tom
6 Bramschreiber dated September 22, 2000?

7 A. (Mr. Crumrine) Yes.

8 A. (Mr. Nichols) Yes.

9 Q. Are you familiar with those portions of
10 the testimony, that surrebuttal testimony, that
11 discuss various tables, PRO-6 through PRO-8 that are
12 attached to that testimony?

13 A. (Mr. Crumrine) Yes.

14 A. (Mr. Nichols) Yes.

15 Q. And would you please respond to those
16 portions of the testimony that represent that those
17 tables reflect the ComEd methodology?

18 A. (Mr. Nichols) Yes. I really don't agree
19 that they are really reflective of the ComEd
20 methodology. They're being done for illustrative
21 purposes, but they kind of misstate our methodology.
22 Our methodology is very specific. You know, we have

1 taken price shapes from the PJM West Hub, and
2 there's 8,760 prices starting January 1st of 1999
3 through December 31st of 1999 in that data.

4 After that we gathered data representing
5 on-peak prices for each of the twelve months of the
6 year, and, similarly, we captured data for off-peak
7 prices for each of the twelve months of the year.

8 The methodology does do some averaging in
9 terms of taking those hours that match up to the
10 same prices that we've captured to represent ComEd,
11 and it will take, you know, an average of those
12 hours, and then using the prices that we've
13 captured, it calculates a ratio, and so now we have
14 a ratio for each month on on-peak and each peak on
15 off-peak, and the methodology then takes those 8,760
16 hours for the hours in the month of January. In the
17 peak period we multiply each of those prices by that
18 ratio, and for each of the off-peak hours we
19 multiply each of those prices by the off-peak ratio.

20 Looking at the exhibits, they talk about
21 calculating a 2 x 24 off-peak ratio. There's no
22 place in our methodology that we calculate a 2 x 24

1 number. We do not use it in any fashion. So that's
2 related to PRO-6.

3 PRO-7, it represents having an average
4 hourly value to represent -- I'm not sure what
5 exactly it's representing because the ComEd
6 methodology would, in essence, have an hourly strip
7 of 16 hours for every day of every month. That's
8 defined as a peak period. There is no averaging
9 done in there. It is only at the very end of the
10 whole methodology that the numbers are averaged
11 together to come up with four numbers, a summer
12 peak, summer off-peak, non-summer peak, and
13 non-summer off-peak, and I think the final exhibit
14 indicates that we do not capture, you know,
15 differences from this average when, in fact, we look
16 at the various individual pieces. They are
17 different from the average.

18 Q. Could you please explain -- strike that.

19 Could you please respond to the suggestion
20 in the surrebuttal testimony of Phil O'Connor and
21 Tom Bramschreiber that the ComEd methodology is the
22 same as the Zuraski adjustment and will result in

1 the -- and when applied will achieve the same
2 results?

3 A. (Mr. Nichols) Yes. I do not agree that
4 they are the same. I have calculated the Zuraski
5 method for the NFF data from last year, and it does
6 bring forth an average across hours to come up with
7 the hourly values. The ComEd method does not
8 average across hours to come up with an hourly price
9 or an hourly load. It maintains the individual
10 8,760 hours, 8,760 prices, and 8,760 loads, so that
11 there's the primary difference.

12 Q. Do you know whether, when properly
13 applied, the ComEd methodology results in higher or
14 lower market value credits than the Zuraski
15 adjustment?

16 A. (Mr. Nichols) When we originally were
17 doing the analysis, the 8,760 resulted in higher
18 numbers than doing the average type method under
19 Zuraski, the Zuraski adjustment method as being
20 described.

21 Q. Could you please respond to the portion of
22 the O'Connor/Bramschreiber surrebuttal testimony

1 that characterizes ComEd's method as an average dump
2 sale methodology?

3 A. (Mr. Crumrine) NewEnergy's testimony
4 correctly, in my view, indicates that, in effect,
5 during the off-peak period it's really a buyer's
6 market, and what I mean by that is that there's more
7 supply, in general, for sale than there are buyers
8 who need to purchase the product at that point in
9 time. As a result, there are certain days in which,
10 because that event happens regularly, consistently,
11 and predictably, that there are certain days in
12 which buyers do not preschedule energy in the
13 day-ahead market for the next day and truly rely on
14 the hourly market when it actually happens because
15 they know that supply will be available at
16 apparently predictable prices.

17 That supply is available to all market
18 participants. Other utilities, ARES, marketers,
19 anybody who is in the market can potentially
20 purchase that type of product in the hourly market
21 from utilities who have it available.

22 Now, for their own internal risk

1 management and commodity acquisition purposes,
2 NewEnergy has chosen to not take advantage of those
3 lower prices in the hourly markets and has instead
4 entered into fixed price type contracts. That's an
5 entirely appropriate thing to do from their business
6 strategy. I'm not criticizing their business
7 strategy, but it is different and does not
8 necessarily even for a portion of their load take
9 advantage of those prices.

10 Now, by admitting that that's the price at
11 which the utilities are selling power in those
12 hours, I think the ComEd methodology accurately
13 reflects the value that the utility will receive by
14 selling the freed-up energy and that the commodity
15 acquisition and portfolio management strategy of one
16 particular supplier should not be used to invalidate
17 what is otherwise an appropriate method which
18 accurately calculates market value in the off-peak
19 period.

20 MS. READ: Your Honor, I have no further
21 questions, and I'll tender the witnesses for cross.

22 EXAMINER JONES: Thank you.

1 Off the record briefly regarding cross
2 time.

3 (Whereupon at this point in
4 the proceedings an
5 off-the-record discussion
6 transpired.)

7 EXAMINER JONES: Back on the record.

8 There are a number of parties with
9 cross-examination questions. Is there anyone that
10 would want to lead off?

11 MR. MUNSON: Yes, Your Honor, I would.

12 EXAMINER JONES: All right.

13 MR. MUNSON: Good morning, gentlemen. Michael
14 Munson on behalf Nicor Energy.

15 CROSS EXAMINATION

16 BY MR. MUNSON:

17 Q. In your testimony I notice you refer to my
18 client as Nicor. You would agree, wouldn't you,
19 that it's actually Nicor Energy that you mean?

20 A. (Mr. Crumrine) You know the actual
21 corporate name better than we do. Sure. Nicor was
22 just shortened for convenience.

1 Q. Well, there is a difference. You
2 understand that Nicor Energy is a party in this
3 proceeding and not Nicor, Inc.

4 MS. READ: We'll stipulate to that.

5 MR. MUNSON: Okay.

6 Q. Now, concerning the market value energy
7 charge and your PPO, do you feel that that
8 represents the market price of power and energy in
9 ComEd's service territory?

10 A. (Mr. Crumrine) What do you mean when you
11 say the market price?

12 Q. Well, let me ask another question then.
13 What does the market value energy charge represent?

14 A. (Mr. Crumrine) The market value energy
15 charge represents and has primarily two purposes.
16 It is the charge that is assessed to PPO customers
17 who take that service from ComEd, and it is also the
18 value that is utilized in the calculation of
19 transition charges for all delivery service
20 customers.

21 Q. Now concerning your Periods A and B
22 methodology, there's a different price for Periods A

1 and B for the same months. Is that correct? Does
2 that make sense?

3 A. (Mr. Nichols) Yes. The periods are
4 captured at different times, so it may be, it may
5 not be, but there was no reason where it would be
6 the same.

7 Q. For example, and I don't have it in front
8 of me, the actual charges, but, for example, the on -
9 peak non-summer energy charge for Period A is
10 different than the on-peak non-summer energy charge
11 in Period B. Is that correct?

12 A. (Mr. Crumrine) I believe that's correct,
13 yes.

14 Q. Okay. Do you have copies up there of
15 Nicor Energy's testimony and exhibits?

16 A. (Mr. Crumrine) No.

17 A. (Mr. Nichols) No, I don't.

18 MR. MUNSON: May I approach?

19 MS. READ: Yes.

20 (Whereupon Mr. Munson
21 provided the witnesses with
22 said documents.)

1 Q. Looking at Nicor Energy Exhibits 2.3 and
2 2.6 to the rebuttal, are you with me?

3 A. (Mr. Nichols) Yes.

4 A. (Mr. Crumrine) Yes.

5 Q. And looking at the on-peak kilowatt-hour
6 usage, the market value energy charges I mean on the
7 second page of Exhibit 2.3, do you see where the on -
8 peak market value energy charges are?

9 A. (Mr. Nichols) I see it.

10 Q. Are those values correct, given the usage
11 characteristics in the month associated?

12 A. (Mr. Nichols) I don't know. I don't know
13 if it's -- it was an illustrative example. I don't
14 know if those are actual values.

15 EXAMINER JONES: You might have to speak up a
16 little bit, if you could.

17 A. (Mr. Nichols) I'm sorry. It was an
18 illustrative example, and so I never checked to see
19 if those values were correct.

20 Q. Okay. If you look at your exhibits, just
21 to speed things up a bit, Exhibits 1 and 2 of your
22 surrebuttal, you have the same numbers associated

1 with those on-peak values.

2 A. (Mr. Nichols) Yes. It was an illustrative
3 example to identify exactly what Nicor had done.

4 Q. Okay. So you're making no representation
5 whether those on-peak charges are correct or not.

6 A. (Mr. Nichols) No. They're reasonable, but
7 I don't know if they're correct.

8 Q. Okay. Now referring to Nicor Energy's
9 example -- well, strike that. I'm going to move on
10 to a different subject matter.

11 On page 8 of your rebuttal, lines 1 and 2,
12 the sentence beginning with the word "also", does
13 that -- just for clarification, does that include
14 Into-ComEd forwards contracts that we're now seeing
15 bids and offers for periods as far out as eighteen
16 months?

17 A. (Mr. Nichols) I don't recall if there was
18 any ComEd bids and offers at eighteen months. I do
19 recall seeing something at twelve months and beyond.

20 EXAMINER JONES: I think you're going to have to
21 speak up a little bit.

22 A. (Mr. Nichols) I'm sorry.

1 EXAMINER JONES: If you can.

2 Q. Referring now to your direct testimony,

3 page 8, line 19.

4 MS. READ: Mike, can I ask which direct

5 testimony?

6 MR. MUNSON: Oh, I'm sorry.

7 MS. READ: There's three directs.

8 MR. MUNSON: Your testimony in --

9 MS. READ: Do you mean Exhibit 8, the additional

10 direct that was filed in 0395 and 0461?

11 MR. MUNSON: I believe so. With this panel

12 witness?

13 MS. READ: Yes.

14 MR. MUNSON: Yes.

15 MS. READ: Exhibit 8.

16 Q. Just on line 8 -- page 8, I'm sorry --

17 where you talk about gaming, do you see that?

18 A. (Mr. Crumrine) Which line again?

19 A. (Mr. Nichols) Yes.

20 Q. I'm sorry; line 19, page 8.

21 A. (Mr. Crumrine) I have it.

22 Q. Okay, and I believe you talk about t that

1 again in your surrebuttal testimony on page 2, line
2 14. No, that's not right.

3 Well, let's stick with the direct
4 testimony right now. When you say one games the
5 system, who would game the system?

6 A. (Mr. Nichols) Well, I think the obvious
7 person is who has the ability to switch customers
8 onto ComEd when the prices get high and then ComEd
9 prices may be lower at the time.

10 Q. So by who, you're meaning suppliers.

11 A. (Mr. Crumrine) I think it could be
12 customers too.

13 Q. Okay. Could it be the utility? Could the
14 utility game the system?

15 A. (Mr. Crumrine) Not in the sense that we
16 meant, no.

17 Q. Would you agree with me in saying that
18 gaming could be a manipulation of the market?

19 A. (Mr. Crumrine) I don't think I would use
20 that characterization, no.

21 Q. You wouldn't view -- what characterization
22 -- how would you define gaming the system then?

1 A. (Mr. Crumrine) Taking inappropriate
2 advantage of economic opportunities.

3 Q. Now isn't it true that you also said that
4 manipulation of the market index methodology would
5 be difficult, very costly, and thus unlikely to
6 occur?

7 MS. READ: May I ask that that be read back?

8 MR. MUNSON: I'm sorry, Ms. Read?

9 MS. READ: I'm asking the Court Reporter to
10 please read back the question.

11 MR. MUNSON: Oh, okay.

12 MS. READ: I didn't quite get it.

13 (Whereupon the requested
14 portion of the record was read
15 back by the Court Reporter.)

16 A. (Mr. Crumrine) Do you have a cite?

17 Q. Yes, I do.

18 A. (Mr. Crumrine) Thank you.

19 Q. It's page 2 of surrebuttal, lines 19 and
20 20.

21 A. (Mr. Crumrine) You've basically read a
22 correct quote from that page, yes.

1 Q. Okay. Referring again to your direct
2 testimony, page 7, lines 15 to 17 --

3 MS. READ: Are we still on ComEd Exhibit 8 when
4 you say direct testimony?

5 MR. MUNSON: Yeah. I'm sorry. Do you want me
6 to refer to it as ComEd Exhibit A?

7 MR. LAKSHMANAN: Eight.

8 MS. READ: Eight.

9 MR. MUNSON: Eight.

10 MS. READ: Well, if we have an understanding
11 that when you say direct testimony you're referring
12 to ComEd Exhibit 8, that particular piece of direct
13 testimony, I won't have to keep asking.

14 MR. MUNSON: Yes, we have that understanding.

15 MS. READ: All right.

16 A. (Mr. Nichols) Could you repeat the lines,
17 please?

18 Q. Sure. Lines 15 through 17, starting with
19 "Having".

20 MS. READ: On which page?

21 MR. MUNSON: Page 7.

22 A. (Mr. Crumrine) I have it.

1 A. (Mr. Nichols) I have it.

2 Q. Just for purposes of the record, that says
3 "Having a known value for a defined period allows
4 customers to make careful decisions and plan ahead.
5 It facilitates both budgeting and securing
6 management approvals for switches." Is that
7 correct? Did I read that correctly?

8 A. (Mr. Crumrine) Yes, you did.

9 Q. Now, you're familiar with the NFF process?

10 A. (Mr. Crumrine) Yes.

11 Q. Now how long of a period of time were the
12 last NFF numbers good for?

13 A. (Mr. Crumrine) Could you clarify what you
14 mean by the last NFF?

15 Q. The year 2000 NFF numbers.

16 A. (Mr. Crumrine) You're saying the values
17 that the NFF established this year?

18 Q. Exactly, yes.

19 A. (Mr. Crumrine) They're for calendar year
20 2001.

21 Q. So how many months?

22 A. (Mr. Crumrine) Twelve.

1 Q. If I were --

2 A. (Mr. Crumrine) I'm just going to clarify.
3 It's the twelve calendar months of the year 2001.

4 Q. Okay. Thanks.

5 Now if I were a nonresidential retail
6 customer eligible to receive delivery services in
7 January of 2001, under what period under ComEd's
8 methodology would I be subject to?

9 MS. READ: Your Honor, I'm going to object to
10 this question on the grounds of relevance. The NFF
11 numbers in 2001 are not applicable in ComEd's
12 service territory under any tariff in effect.

13 MR. MUNSON: Your Honor, I was just trying to --
14 my only point -- I was not attempting to state that
15 they were applicable, nor is it my company's
16 position that we want them to be applicable. The
17 point is is that it was a twelve-month period. That
18 was what I was attempting to elicit.

19 MS. READ: If counsel wants to ask if they were
20 in effect, I won't object to the question.

21 MR. MUNSON: Oh. I'm sorry. I didn't hear you.

22 MS. READ: I said with that qualification, if

1 you want to amend your question to a hypothetical
2 that says if they were to be incorporated into
3 ComEd's tariffs, how would that work, I won't object
4 to the question.

5 MR. MUNSON: Okay.

6 EXAMINER JONES: Is that now your question?

7 MR. MUNSON: Yes.

8 A. (Mr. Crumrine) Could I have it back all in
9 one piece, please?

10 Q. How long of a period of time are the NFF
11 numbers is all I'm trying to -- or how long are they
12 suppose to be?

13 A. (Mr. Crumrine) The NFF establishes numbers
14 for a calendar year period of twelve months.

15 Q. Okay. Now, moving forward, if I were a
16 nonresidential retail customer eligible to receive
17 delivery services January 1st, what applicable
18 period would I be subject to?

19 A. (Mr. Crumrine) Are we talking about
20 ComEd's currently effective market index tariff?

21 Q. Yes, we are.

22 A. (Mr. Crumrine) You would be subject to

1 CTCs for Applicable Period B through May of 2001 and
2 then you would be subject to Applicable Period A
3 CTCs for every June through May twelve-month period
4 thereafter through the transition period.

5 Q. Okay. Thank you. That cleared up my next
6 couple lines.

7 Now, I would be -- so the answer is I
8 would be on Applicable Period B through May 2001,
9 and then I go on to the next A Period. Is that
10 correct?

11 A. (Mr. Crumrine) That's correct.

12 Q. Okay.

13 Are you generally familiar with Illinois
14 Power's rolling twelve-month calculation to
15 determine market value?

16 A. (Mr. Crumrine) Yes, generally.

17 Q. Generally.

18 I'll cut out this line of questioning if
19 you'll let me ask this question.

20 MS. READ: I'll hear the question.

21 Q. Would a twelve-month forward pricing
22 include a summer?

1 MS. READ: I will object to that question as
2 vague and ambiguous, but if the witnesses want to
3 try to respond, I'll waive my objection.

4 A. (Mr. Crumrine) I'm sorry. The question
5 just isn't clear in terms of what you mean.

6 Q. Okay. That's fair enough.

7 A. (Mr. Crumrine) About what time period and
8 what kind of scenario you're talking about.

9 Q. Well, you're generally familiar with IP's
10 twelve-month rolling calculation methodology.
11 Correct?

12 A. (Mr. Crumrine) Yes.

13 Q. And could you just give me a -- how do
14 they price their market value energy charge?

15 A. (Mr. Crumrine) At a high level, as I
16 understand it, each month they take snapshots and
17 determine prices for a twelve-month rolling calendar
18 month period, so it becomes effective the next month
19 and stays in effect for a full twelve-month period
20 and then would change again twelve months down the
21 road and be in effect for another twelve-month
22 period.

1 Q. Is it fair to say that for a twelve-month
2 period they use a twelve-month forward?

3 A. (Mr. Crumrine) For the peak period, that's
4 my understanding that, yes, they're using a forward
5 price for the peak period determination.

6 Q. Okay. Now, would a twelve-month forward
7 include a summer?

8 MS. READ: I'm going to object to the question
9 without a definition of twelve-month forward.

10 MR. MUNSON: I was talking. Can I hear her
11 objection read back, unless you want to make it
12 again?

13 MS. READ: You used the phrase twelve-month
14 forward. Do you mean a single twelve-month forward
15 contract that covers all twelve months or do you
16 mean a series of forwards contracts that happen to
17 cover the summer months? The question is vague and
18 ambiguous.

19 MR. MUNSON: Okay. I used the first one, a
20 single twelve-month forward contract.

21 Q. Would that include a summer?

22 A. (Mr. Crumrine) Does that contract cover

1 all the hours or certain hours in every month in
2 that future twelve-month period?

3 Q. Yes.

4 A. (Mr. Crumrine) Then I think by your
5 definition it would have to include a summer period.

6 Q. Okay. Thank you.

7 Is it possible for a customer to begin
8 taking delivery services in July 2000 and be subject
9 to Period A numbers or Period B numbers?

10 A. (Mr. Crumrine) We're talking about ComEd's
11 market index?

12 Q. Yes.

13 A. (Mr. Crumrine) Yes, depending upon when
14 they took service, they would be subject to either
15 Applicable Period A or Applicable Period B prices
16 and CTCs.

17 Q. If a customer takes delivery services on
18 July 29th, what period will this customer be subject
19 to?

20 A. (Mr. Crumrine) It depends on the reading
21 schedule, and I forget whether that's the first day
22 of B or the last day of A or within a day or two

1 here or there. I don't recall exactly. I don't
2 have the meter reading schedule in front of me.

3 Q. Okay.

4 EXAMINER JONES: I'm sorry. Could you read that
5 question back, Ms. Reporter?

6 (Whereupon the requested
7 portion of the record was read
8 back by the Court Reporter.)

9 EXAMINER JONES: Thank you.

10 Q. Referring to Nicor Energy's Exhibit 2.3 --
11 well, let's look at 2.3 real quick. The first page
12 is basically usage data. Is that correct?

13 A. (Mr. Nichols) Well, the first page is
14 usage date and a calculation under a bundled
15 service.

16 Q. Yes. Thank you. The second page, the
17 first set of calculations is titled PPO Charges If
18 Customer X Takes Delivery Services on July 28th, and
19 that for what we were trying to represent is that
20 customer would be on Period A. Is that your
21 understanding?

22 MS. READ: Your Honor, I am going to object to

1 questions where my witnesses are asked to talk about
2 the intent behind a Nicor schedule which went into
3 evidence by affidavit without cross-examination. I
4 do note that my witnesses have extensively rebutted
5 these schedules in their surrebuttal testimony, and
6 if counsel wants to ask specifically about my
7 witnesses' testimony, I will have no objections.

8 EXAMINER JONES: Any response?

9 MR. MUNSON: Yes. First of all, there was an
10 opportunity to cross Mr. Bailey. Second of all, I
11 am exactly referring to their criticism of Nicor
12 Energy's schedule, and I just wanted to -- Nicor
13 Energy's exhibits, and it's perfectly appropriate to
14 ask them questions along this line. They refer to
15 it repeatedly.

16 MS. READ: As I said, I have no objections to my
17 witnesses being crossed on their criticism, but a
18 question that starts do you understand this to be
19 the intent of the Nicor schedule I believe is
20 inappropriate cross.

21 MR. MUNSON: To speed this thing up a little
22 bit, I will not ask what -- to hypothesize on the

1 intent of it.

2 MS. READ: Thank you.

3 MR. MUNSON: I will ask them, you know, whether
4 you agree that this is what it says. That's all I'm
5 trying to do right at this point.

6 A. (Mr. Crumrine) Whether what is what it
7 says?

8 Q. Exhibit 2.3, second page, the first set of
9 calculations concerns the PPO charges if customer X
10 takes delivery services on July 28, 2000, and the
11 second set of calculations is PPO charges if
12 customer X takes delivery services on July 29th. Is
13 that correct?

14 A. (Mr. Crumrine) Based on the headers that
15 are on the page, that's what it says.

16 Q. Okay.

17 If a customer's meter read was on the 29th
18 of the month, on what day of the month, if the
19 customer elects to choose to receive delivery
20 services, would that customer begin receiving
21 delivery service?

22 A. (Mr. Crumrine) It depends on what date was

1 specified in the DASR.

2 Q. Could you tell me what's the first day,
3 given that previous scenario, a meter read date on
4 the 29th of the month, that they would take delivery
5 services or they could take delivery services?

6 A. (Mr. Crumrine) Assuming that they are an
7 eligible delivery services customer this summer, it
8 still depends on when the DASR was submitted and the
9 date that is indicated in the DASR.

10 Q. If their meter read date is the 29th of
11 the month and they are electing to receive delivery
12 services on -- in July let's say, when is the first
13 day that they could have power flowed to them?

14 A. (Mr. Crumrine) By who?

15 Q. By anybody, a competitive supplier or take
16 the power purchase option.

17 A. (Mr. Crumrine) Power is going to flow
18 regardless of whether this is submitted or not. The
19 fact is that a DASR can be submitted up to 45 days
20 in advance of the customer's selected switch date.
21 It's critical to know what was in the DASR, what was
22 requested. It's not just the meter reading date in

1 and of itself that determines when the customer is
2 going to begin delivery services.

3 Q. Referring to your surrebuttal testimony,
4 page 11, lines 4 and 5, are you with me?

5 A. (Mr. Crumrine) Yes.

6 A. (Mr. Nichols) Yes.

7 Q. You state that Applicable Period B is
8 defined as a nine-month period.

9 A. (Mr. Nichols) Yes, we have stated that.

10 Q. Now where do you get that from?

11 A. (Mr. Crumrine) It's defined in the
12 applicable period definitions in Rider PPO market
13 index. It's defined as -- Applicable Period B is
14 customers who start delivery services in the
15 September through the May, following May billing
16 period, and counting from September through May
17 inclusively is nine months.

18 Q. If a customer begins delivery services on
19 the 29th or 30th of July, 2000, what period will
20 that customer be subject to?

21 A. (Mr. Crumrine) I believe, based on looking
22 at our surrebuttal testimony and refreshing my

1 memory of the dates involved on that particular
2 meter reading cycle, a customer in the summer period
3 of -- in July 29th or 30th whose reading days on the
4 meter reading schedule were July 29th or 30th, which
5 actually were reading days in the August billing
6 period -- excuse me -- it's the reading day in the
7 August meter reading cycle, which is actually the
8 first meter reading day in the September billing
9 cycle, that is considered a September bill. That
10 customer is on Applicable Period B.

11 Q. Thank you.

12 Now, if that customer is on Applicable
13 Period B, how many months will that customer receive
14 delivery services under that applicable period?

15 A. (Mr. Crumrine) There would be nine billing
16 periods because the first month we just talked about
17 was the September monthly billing period. It would
18 go through and include the May billing period, which
19 inclusively from September to May are nine billing
20 periods.

21 Q. Would it include --

22 A. (Mr. Nichols) I just wanted to add

1 something as I was understanding the question. It
2 only applies to this customer that started at the
3 very beginning because anybody that started after
4 could have a much shorter than the nine-month
5 period.

6 Q. Right.

7 A. (Mr. Nichols) So nine months is the most
8 we would expect a customer on Applicable Period B.

9 A. (Mr. Crumrine) Meaning if somebody started
10 in November, Applicable Period B only goes through
11 May.

12 Q. Right. It is not a nine-month period.
13 It's shorter.

14 A. (Mr. Crumrine) It's nine months or
15 shorter, depending upon when the customer went on
16 delivery services, and that's an important
17 clarification.

18 Q. Right. Okay. I understand.

19 In my scenario of the July 29th customer
20 though, when will the competitive power be flowing
21 or when will the Applicable Period B numbers be
22 effective? Is that on the 29th of July? Is that

1 correct?

2 A. (Mr. Crumrine) Assuming, to speed this up,
3 that a properly submitted DASR had asked for -- had
4 been properly submitted and asked for a switch date
5 on July 29th, the customer would be on whichever
6 competitive supply option he chose, whether it was
7 PPO or delivery services as supplied from a retail
8 electric supplier, as of midnight, 12:01 a.m., July
9 29th.

10 Q. When would the Applicable Period B end for
11 this particular customer?

12 A. It would end with their reading day in the
13 May reading cycle the following year. I do not know
14 the exact date on which that date would be.

15 Q. Would that be approximately the 29th of
16 May?

17 A. No.

18 Q. No, it would not?

19 A. (Mr. Crumrine) No.

20 Q. Why not?

21 A. (Mr. Crumrine) Because that would be ten
22 months. The July 29th reading day that we're

1 talking about is actually reading day one in the
2 August reading cycle. Meter reading cycles do not
3 necessarily correspond exactly to calendar months.
4 They can be off a day or two in one direction or the
5 other, so the July 29th day we're talking about is
6 the first of the 21 reading days in ComEd's August
7 reading cycle. That's reading -- July 29th happens
8 to be reading day one.

9 In the May reading cycle, come 2001, that
10 customer's Applicable Period B will end on reading
11 day one in the May billing cycle, which will be on
12 or about May 1st, depending upon exactly when that
13 reading day is next year. I just don't know whether
14 it's, you know, April 30th or May 1st or May 2nd,
15 but that's approximately the time periods when that
16 nine- month Applicable Period B would end.

17 Q. So it's your testimony that Period B for
18 this particular customer would end around the first
19 of May?

20 A. (Mr. Crumrine) Based on the reading cycle
21 for the particular customer that we're talking about
22 on reading day one, yes.

1 Q. When does Period B end in a general sense?

2 A. (Mr. Crumrine) It ends on a particular
3 customer's reading day in the May reading cycle. In
4 the example we're talking about, for that particular
5 customer whose reading day is reading day one, it
6 will end approximately May 1st. For somebody whose
7 reading day is approximately reading day ten, which
8 is in the middle of the reading cycle, it will end
9 on approximately May 15th, and for the customer
10 whose reading day is reading day 21, it will end
11 approximately May 31st, and that's just based on the
12 normal reading cycle that utilities traditionally
13 read their customers on. It depends on the reading
14 day cycle of the particular customer, but it is
15 always ending during the May reading cycle.

16 Q. Okay. And just so I'm clear, this
17 customer you understand in my hypothetical, his
18 meter read is on the 29th of the month, okay, for
19 purposes of this example?

20 A. (Mr. Crumrine) Of July?

21 Q. Of July. Now, it's your testimony that
22 Period B for this customer ends around -- closer to

1 the first of May than around the 29th of May. Is
2 that a fair characterization?

3 A. (Mr. Crumrine) Absolutely.

4 Q. Okay.

5 Now referring to your surrebuttal, again,
6 page 11, if I could give you the line numbers, lines
7 6 and 7, page 11 of your surrebuttal, starting with
8 -- I'm sorry, 7 and 8 -- well, 6 through 8, sorry --
9 "Nicor's Applicable Period A example was also
10 incomplete", and then you stated that you corrected
11 this error by including June and July. Is that
12 correct?

13 A. (Mr. Crumrine) That's a correct reading,
14 yes.

15 Q. Okay. Now, if you look at Nicor Energy
16 Exhibit 2.3, second page, we went through this once
17 before, but, the tables, just to be clear, the first
18 set of calculations is the PPO charges if customer X
19 takes delivery services on July 28th. The second is
20 the PPO charges if customer X takes delivery
21 services on July 29, 2000. That's what that says.
22 Is that correct?

1 A. (Mr. Crumrine) Can I ask a clarifying
2 question, just to be absolutely certain I'm looking
3 at the right page?

4 Q. Yes.

5 A. (Mr. Crumrine) Okay. This page is not
6 labeled page 2. I want to be absolutely certain.
7 There's a number at the bottom of the page in the
8 bottom line, and that number is \$16,550.19. Is that
9 the page we're talking about?

10 Q. Yes.

11 A. (Mr. Crumrine) Okay. Then I'm on the
12 right page. Thank you.

13 Q. Okay. Now switching to --

14 EXAMINER JONES: What does page 2 say across the
15 top? I just want to make sure.

16 MR. MUNSON: Page 2 of Exhibit 2.3?

17 EXAMINER JONES: Right.

18 MR. MUNSON: The first line that I have is PPO
19 Charges if Customer X Takes Delivery Services on
20 July 28th.

21 EXAMINER JONES: Thank you.

22 Q. Now Exhibit 1 of your surrebuttal, it's

1 entitled Nicor Calculations for Customer X

2 Corrected. Are you with me?

3 A. (Mr. Nichols) Yes.

4 A. (Mr. Crumrine) Yes.

5 Q. Okay. And just so I understand, you took
6 Nicor Energy's customer X and used the same usage
7 characteristics except customer X usage data you
8 include June and July, is that correct, on this
9 exhibit?

10 A. (Mr. Nichols) Yes. We added June and July
11 to represent the same as the August/September summer
12 months.

13 Q. Okay. And the next page, page 2 of 2 of
14 Exhibit 1, you have PPO charges -- the first set of
15 calculations, PPO Charges if Customer X Takes
16 Delivery Services in Applicable Period A. Is that
17 correct?

18 A. (Mr. Nichols) That is the title.

19 Q. Okay. Now, referring back to Nicor
20 Energy's exhibit, when did customer X begin taking
21 delivery services in Nicor Energy's example?

22 A. (Mr. Crumrine) Sometime during the period

1 so that their first monthly billing period was the
2 August billing period.

3 Q. Fair enough.

4 Can I have that answer read back, please?

5 (Whereupon the requested
6 portion of the record was read
7 back by the Court Reporter.)

8 A. (Mr. Crumrine) Forgive me. I want to make
9 sure I answered the right question. Could I have
10 the question back, please?

11 (Whereupon the requested
12 portion of the record was read
13 back by the Court Reporter.)

14 A. (Mr. Crumrine) Forgive me. I did not
15 answer the correct question. I did not answer that
16 correctly. Page 2 has two different examples
17 assuming the customer takes service on two different
18 dates.

19 Q. What are those two different dates?

20 A. (Mr. Crumrine) One is July 28th and one is
21 July 29th.

22 Q. What period for this particular example --

1 well, strike that.

2 Referring back to your surrebuttal Exhibit
3 1, page 2 of 2, where you have PPO charges if
4 customer X takes delivery services in Applicable
5 Period A, for the first set of numbers in Applicable
6 Period B, are you with me on that?

7 A. (Mr. Crumrine) Yes.

8 Q. In Nicor Energy's example, did customer X
9 begin receiving delivery services in May or June?

10 A. (Mr. Crumrine) No.

11 Q. Similarly with customer Y, which is the
12 same idea, a little bit different usage
13 characteristics, in Nicor Energy's exhibits, when
14 did customer Y begin receiving delivery services?

15 A. (Mr. Crumrine) Are we now referring to
16 Nicor Exhibit 2.6?

17 Q. Yes.

18 A. (Mr. Crumrine) It contains two examples,
19 one in which customer Y takes delivery services on
20 July 28th and one in which it takes delivery
21 services beginning on July 29th.

22 Q. Okay. Referring to ComEd's -- I'm sorry

1 -- your surrebuttal, Exhibit 2, page 2 of 2, when
2 does the period of delivery services begin for
3 customer Y in your example?

4 A. (Mr. Crumrine) We show two examples, one
5 in which they took for the entire Applicable Period
6 B beginning with the June billing period and another
7 in which they take it for the entire Applicable
8 Period B beginning with the September billing
9 period.

10 A. (Mr. Nichols) We should correct Paul. I
11 think he said first Applicable Period B when he
12 means to say Applicable Period A.

13 A. (Mr. Crumrine) I'm sorry. It's Applicable
14 Period A beginning with the June billing period and
15 for the entire Applicable Period B beginning with
16 the September billing period.

17 Q. In your example, does customer Y begin
18 receiving delivery services for the Applicable A
19 Period on July 28th?

20 A. (Mr. Crumrine) No.

21 Q. On page 10 of your surrebuttal, lines 5
22 and 6, is it fair to say that you state that Nicor

1 analyzes only transition charges without looking at
2 the corresponding decrease in the customer's supply
3 costs?

4 A. (Mr. Nichols) That's a reasonable reading
5 of that.

6 Q. I refer you to Nicor Energy's Exhibits 2.2
7 and 2.5. What do these exhibits represent?

8 MS. READ: Your Honor, I'm going to object. I'm
9 not sure that it's clear from the face what the
10 exhibits represent. They speak for themselves.

11 MR. MUNSON: I'll rephrase.

12 MS. READ: Thank you.

13 Q. Do these exhibits analyze transition
14 charges?

15 A. (Mr. Crumrine) They do not appear to, no.

16 Q. Do they analyze PPO savings?

17 A. (Mr. Crumrine) They appear, based on their
18 labels, to be monthly savings on PPO.

19 A. (Mr. Nichols) Right.

20 MR. MUNSON: Okay. Could I have just one minute
21 to look this over? This may be it.

22 (Pause in the proceedings.)

1 request response and have no objection to its
2 admission.

3 MR. McDEVITT: I have nothing further.

4 EXAMINER JONES: All right. Any objection to
5 the admission of Unicom Energy Cross Exhibit Number
6 1? There's no response. Unicom Energy Cross
7 Exhibit Number 1 is admitted.

8 (Whereupon Unicom Energy
9 Cross Exhibit 1 was received
10 into evidence.)

11 EXAMINER JONES: Just so we're clear, that
12 consists of five DRs and responses. Is that right?

13 MR. McDEVITT: That's right, and there are some
14 exhibits at the end.

15 EXAMINER JONES: And the cover sheet says Sidley
16 & Austin across the face?

17 MR. McDEVITT: Right.

18 EXAMINER JONES: Mr. McDevitt, did you say that
19 was all your questions?

20 MR. McDEVITT: That's all, yes.

21 EXAMINER JONES: All right. Thank you.

22 MS. READ: Your Honor, I think my witness is

1 indicating he wants to make a comment on this
2 exhibit. Is there something incorrect? Yes, the
3 two-page attachment should have followed Data
4 Request 3 instead of Data Request 5. Is that what
5 you were going to say?

6 A. (Mr. Crumrine) Well, this was actually
7 like a five or six-page exhibit in the spreadsheet.

8 MS. READ: Oh, it was?

9 MR. McDEVITT: That's all we got. Let's have a
10 look.

11 A. (Mr. Crumrine) There may have been
12 multiple tabs in that spreadsheet that were sent
13 electronically that may not have been printed. You
14 haven't printed all the tabs because there's more to
15 it than this.

16 MR. McDEVITT: There's more to it than this?

17 MS. READ: We will check and make sure there's a
18 complete response, and if we need to supplement, we
19 will notify the Hearing Examiner and do that
20 jointly.

21 EXAMINER JONES: Let's make sure the other
22 parties have everything that Unicom wants to put in.

1 Which DR was that, DR number?

2 MR. McDEVITT: I think the exhibit goes to
3 Number 3. Is that correct, Paul?

4 A. (Mr. Crumrine) Yes, and right now it's a
5 spreadsheet. It's the last two pages that have --
6 it's two pages of spreadsheet, and there's actually
7 two or three or four more pages that were included
8 in that, perhaps as separate tabs, that just need to
9 be included.

10 MR. McDEVITT: Okay. I've just brought the fax
11 copy, and it shows that there were 11 pages sent and
12 11 received. If there are a couple more, we'll find
13 them and certainly provide copies to everyone.

14 EXAMINER JONES: That's the last two pages of
15 this exhibit that say pages 5 and 6? Is that what
16 you're referring to?

17 MR. McDEVITT: Yes.

18 EXAMINER JONES: And there may be pages ahead of
19 that is what you're saying?

20 MR. McDEVITT: Yes.

21 EXAMINER JONES: And those go with DR Number --

22 MR. McDEVITT: Three.

1 EXAMINER JONES: Three? Okay. Did everybody
2 hear that?

3 MS. READ: Your Honor, if there's another short
4 cross, I think we could proceed with that, but if
5 there's going to be -- we're going to start on an
6 hour or more of cross, my witnesses might like a
7 brief break, and I would commit not to talking to
8 them during that break.

9 EXAMINER JONES: All right. Does someone want
10 to --

11 MR. ROBERTSON: Staff had 15 minutes.

12 MR. FEIN: And I believe Mr. Revethis indicated
13 that it would likely be in camera cross, for
14 whatever that's worth.

15 MS. READ: The AG has an in camera cross I'm
16 informed, and that leaves I think Illinois Power and
17 IIEC.

18 MR. LAKSHMANAN: Mine keep getting knocked out,
19 so it may even be none by the time we're done, so
20 I'd rather ask questions later.

21 MR. FEIN: You better take a chance.

22 EXAMINER JONES: Okay.

1 MR. ROBERTSON: Maybe they can give quicker
2 answers if we don't let them take a break.

3 EXAMINER JONES: Some of Staff 's cross is going
4 to be in camera?

5 MR. REVETHIS: It's all in camera.

6 EXAMINER JONES: All in camera? And how about
7 the AG's?

8 MR. WARREN: Some of it will be in camera.

9 EXAMINER JONES: Some in, some out?

10 MR. REVETHIS: That's why we thought we would go
11 last. It's fairly short also.

12 EXAMINER JONES: All right. So what's the
13 pleasure of the parties?

14 MR. FEIN: If you want to take a five-minute
15 recess, that's fine.

16 MS. READ: That's fine.

17 EXAMINER JONES: Is that what you want? All
18 right. We hereby take a five-minute break.

19 (Whereupon a short recess was
20 taken.)

21 EXAMINER JONES: Why don't we go ahead and
22 resume.

1 I believe there are some other parties
2 with cross-examination for these two ComEd
3 witnesses. Who's next?

4 MR. FEIN: We'll proceed, Mr. Examiner.

5 EXAMINER JONES: Mr. Fein.

6 CROSS EXAMINATION

7 BY MR. FEIN:

8 Q. Good morning, gentlemen.

9 A. (Mr. Crumrine) Good morning.

10 A. (Mr. Nichols) Good morning.

11 Q. Mr. Nichols, this first line of
12 questioning is going to relate to the direct
13 testimony that you filed initially back in March of
14 this year, a non-panel piece of the testimony.
15 Regarding your discussion under the company's
16 proposal, the basing of the monthly off-peak market
17 price on Power Markets Week's Daily Price Report,
18 what geographic region does the Northern MAIN area
19 cover?

20 A. (Mr. Nichols) Well, do you have a
21 particular cite to begin with?

22 Q. Are you not familiar with what geographic

1 area the Northern MAIN area covers?

2 A. (Mr. Nichols) The actual geographic area,
3 it was basically listing MAIN, and then it listed
4 Northern MAIN and then Southern MAIN. To me the
5 geographical area of Northern MAIN is, you know,
6 Wisconsin companies, ComEd area. That was my
7 understanding.

8 Q. Would it be basically from ComEd's
9 territory north up to the Canadian border?

10 A. (Mr. Nichols) I'm not sure if the MAIN
11 companies go to the Canadian border.

12 Q. Do you know whether that region covers any
13 more -- any other states than the states of Illinois
14 and Wisconsin?

15 A. (Mr. Crumrine) Yes. I'm sorry.

16 Q. Mr. Crumrine, do you know what other state
17 might be covered in the Northern MAIN region?

18 A. (Mr. Crumrine) A portion of the Upper
19 Peninsula of Michigan.

20 Q. Do you know how many -- either one of you
21 know how many different distribution systems are
22 covered in the Northern MAIN region?

1 A. (Mr. Nichols) I don't.

2 MS. READ: I object to the question as vague and
3 ambiguous without a definition of distribution
4 systems.

5 Q. Do either of you know how many control
6 areas exist in the Northern MAIN region?

7 A. (Mr. Nichols) I do not know the exact
8 number for that.

9 A. (Mr. Crumrine) I have forgotten. Because
10 of the number of mergers, I'm not sure who is a
11 control area and who is not anymore. It's been too
12 long since I've worked at MAIN.

13 Q. Do you know whether it's more than five
14 different control areas?

15 A. (Mr. Crumrine) I don't.

16 A. (Mr. Nichols) I don't.

17 Q. Mr. Nichols, do you know what type of off-
18 peak transactions are reported daily on the Power
19 Market Week's Daily Price Report for Northern MAIN?

20 A. (Mr. Nichols) The reported transactions
21 are for a day-ahead 1 x 8 product, basically from 10
22 o'clock at night until 6 o'clock in the morning.

1 Q. Do you know whether those are power and
2 energy or just energy prices?

3 A. (Mr. Nichols) Those are presumably power
4 and energy because as far as I know they are firm
5 products.

6 Q. When you say firm products, do you mean
7 financially firm products?

8 A. (Mr. Nichols) I don't know the contract
9 terms of the off-peak power. I have not heard of
10 any instances where they were non-firm products when
11 people sold them as a wholesale product.

12 Q. Now these reported transactions do not
13 reflect multi-day transactions. Is that correct?

14 A. (Mr. Nichols) I believe the survey lists a
15 1 x 8 for the next day.

16 Q. Would that be a yes?

17 A. (Mr. Nichols) Well, repeat the exact
18 question.

19 Q. I'm sorry?

20 A. (Mr. Nichols) I'm sorry. If I could hear
21 the question back.

22 Q. I'll read it. I'll reread the question.

1 Is it correct that the transactions that
2 are reported do not reflect multi-day transactions?

3 A. (Mr. Nichols) I believe that's correct.

4 Q. Do you know whether off-peak spot market
5 transactions are reported every regular weekday for
6 the Northern MAIN region?

7 MS. READ: I'm sorry. I missed that question.
8 Could I ask that it be read back?

9 (Whereupon the requested
10 portion of the record was read
11 back by the Court Reporter.)

12 MS. READ: Thank you.

13 A. (Mr. Nichols) I don't know if they're
14 reported to the listing service. I do recognize
15 that the Power Markets Week listing does not have
16 reportings every day.

17 Q. Now based on your experience, if a person
18 wanted to find out prices for power in the industry,
19 are there any other places they'd go to find that
20 information other than the Power Markets Week's
21 Daily Price Report for Northern MAIN? And either
22 one of you can answer that.

1 A. (Mr. Nichols) I guess I'm not really sure
2 of where people would identify Northern MAIN as
3 being a source of trying to get power.

4 Q. Let me rephrase the question. Maybe that
5 will help. If I wanted to find out the price for
6 Into-ComEd delivery points that was reported for
7 yesterday, for example, where might someone like
8 myself go about to find out that information?

9 A. (Mr. Nichols) Well, we've got the Power
10 Markets Week. You can call up various brokers. You
11 know, you'd have to have some kind of relationship
12 with the brokers to get that kind of information,
13 and I'm sure there's other, you know, industry
14 publications.

15 Q. Power Markets Week isn't the only industry
16 publication that has daily price quotes. Is that
17 correct?

18 A. (Mr. Nichols) I'm not really an expert in
19 the industry product price quotes. I'm not in the
20 wholesale department, so I mean I've seen tables and
21 different things. I don't know with what regularity
22 they're printed.

1 Q. Have you ever heard of Megawatt Daily?

2 A. (Mr. Nichols) I have heard of Megawatt
3 Daily.

4 Q. Have you ever read it?

5 A. (Mr. Nichols) I have seen one or two
6 copies of Megawatt Daily. I've not read it in its
7 entirety.

8 Q. Mr. Crumrine, how about you? Are you
9 familiar with Megawatt Daily?

10 A. (Mr. Crumrine) I have heard of it.

11 Q. Have you ever read it throughout your
12 career?

13 A. (Mr. Crumrine) I can't recall.

14 Q. Can either of you recall whether Megawatt
15 Daily includes a Commonwealth Edison delivery point?

16 A. (Mr. Nichols) I have seen the delivery
17 point for Into-ComEd.

18 Q. Mr. Crumrine, do you care to answer that
19 question?

20 A. (Mr. Crumrine) I didn't recall seeing it
21 in the first place. I don't recall contents either.

22 Q. Okay.

1 Now, is it your testimony that a Northern
2 MAIN delivery point location is more geographically
3 applicable to Commonwealth Edison's system than a
4 pure Edison delivery point location?

5 A. (Mr. Nichols) Actually, I think in our
6 testimonies we have -- I'm trying to think of where,
7 but we indicated that we wanted to change that to an
8 Into-ComEd because that has now become available.
9 When we had first written up, you know, the
10 proposal, the methodology, Northern MAIN seemed to
11 be the most applicable, and we had recognized that
12 as things evolve, you know, we would choose
13 something that would be more applicable, and we
14 currently would use and, in fact, used Into-ComEd
15 when it became available.

16 Q. Now isn't it true that before October 1st
17 of this month when the revisions to the company's
18 off-cycle switching tariff was put into place, that
19 a minimum term that a customer would be required to
20 provide notice would be thirty days in order to
21 switch to delivery services?

22 A. (Mr. Crumrine) No.

1 Q. Prior to October 1st, would it be correct
2 that the minimum term that a customer could remain
3 on delivery services would be a one-month period?

4 A. (Mr. Crumrine) It would be possible to
5 envision scenarios where a customer could be on
6 delivery services for only one billing period, which
7 is approximately one month long.

8 Q. Now I believe you testified during the
9 initial direct, or whatever we're calling it,
10 response to the NewEnergy surrebuttal this morning,
11 that NewEnergy has chosen not to take advantage of
12 low prices in the spot market by entering into fixed
13 price contracts. Do you remember that testimony? I
14 believe it was yours, Mr. Crumrine.

15 A. (Mr. Crumrine) I do remember that, yes.

16 Q. And I believe you added to the end of that
17 statement that they had done so in order to -- it
18 was their business decision, and that was how they
19 decided to manage their risk I think you used the
20 phrase. Do you recall that?

21 A. (Mr. Crumrine) Yes.

22 Q. Isn't that what the company does to manage

1 their risk?

2 A. (Mr. Crumrine) Isn't what what the company
3 does to manage their risk?

4 Q. Enter into fixed price contracts?

5 A. (Mr. Crumrine) Sometimes.

6 Q. Has the company done that at all within
7 the last year, entered into fixed price contracts to
8 manage their risk?

9 A. (Mr. Crumrine) Not working in the
10 wholesale energy group, I do not know exactly what
11 type of contracts we've entered into in the last
12 year or so.

13 Q. Do you know whether the company has a
14 purchase power agreement with Mission Energy?

15 A. (Mr. Crumrine) We do.

16 A. (Mr. Nichols) Yes.

17 Q. Are you familiar with the company's
18 purchase power agreement with Mission Energy?

19 A. (Mr. Crumrine) I am generally.

20 A. (Mr. Nichols) I'm generally, reasonably
21 familiar with it.

22 Q. Do you know whether the company's

1 purchased power agreement with Mission Energy is
2 based on day-ahead spot prices for the off-peak
3 period?

4 MS. READ: Your Honor, I am going to object to
5 this line. I don't think my additional direct
6 opened my client up to a discussion of the Mission
7 Energy agreement, which was fully reviewed and
8 approved by the Commission and is not at issue in
9 this proceeding.

10 MR. FEIN: Well, the issue was raised regarding
11 how certain participants in the industry decide to
12 serve their customers, and if you give me a moment,
13 I believe the witnesses even refer to something with
14 regard to the contract, and, additionally, I have a
15 right to examine the witnesses regarding manners in
16 which suppliers contract to meet their load.

17 EXAMINER JONES: All right. I think there has
18 been a sufficient link to the sur-surrebuttal or the
19 oral supplementation of the testimony this morning,
20 so you may continue with this line of questions.

21 Is there a question pending?

22 MR. FEIN: I believe there was, yes.

1 A. (Mr. Nichols) Can we have it read back?

2 MR. FEIN: I can read it, if it's a little
3 quicker.

4 Q. Do you know whether under the company's
5 power purchase agreement with Mission Energy -- let
6 me rephrase that.

7 Is the company's power purchase agreement
8 with Mission Energy based on day-ahead spot prices
9 for the off-peak period?

10 A. (Mr. Nichols) The prices in the contract
11 were a negotiated contract, so the underlying prices
12 are very difficult to understand.

13 Q. Is it that it's difficult to understand or
14 you don't know the specifics of it?

15 A. (Mr. Nichols) I don't know the specifics
16 in terms of how they negotiated prices, how they
17 came up with those prices.

18 Q. Do you have anything additional to add to
19 that answer, Mr. Crumrine?

20 A. (Mr. Crumrine) No.

21 Q. Do either of you know whether the company
22 buys monthly 5 x 8 off-peak blocks from Mission

1 Energy under the purchase power agreement at prices
2 calculated in the ComEd Rider PPO MVI?

3 MS. READ: I'm going to object to the question.
4 My first objection is there's not a definition of
5 monthly 5 x 8 off-peak blocks, what counsel means,
6 and I believe there was also an argument in the
7 question that was inconsistent with the witnesses'
8 testimony, but I'd have to hear the question back to
9 confirm that objection.

10 MR. FEIN: An argument?

11 MS. READ: Yeah. Could I hear the question
12 back, please?

13 MR. FEIN: The question was do you know.

14 MS. READ: You said something at the end.

15 EXAMINER JONES: Could we have the question
16 back, Ms. Reporter? Thank you.

17 (Whereupon the requested
18 portion of the record was read
19 back by the Court Reporter.)

20 MS. READ: Okay. I just have the one vague and
21 ambiguous objection.

22 A. (Mr. Nichols) The company buys power --

1 EXAMINER JONES: Just a minute.

2 A. (Mr. Nichols) Oh, I'm sorry.

3 EXAMINER JONES: Any response?

4 MR. FEIN: I think the witness, if he's being
5 offered as an expert on their index, probably can
6 determine what I mean by monthly. If he doesn't,
7 I'll ask him the question. Maybe that will take
8 care of counsel's objection.

9 EXAMINER JONES: All right.

10 MS. READ: Just so the record is clear, the
11 witness is offered as a company witness on the ComEd
12 methodology and the calculations that underlie it.
13 He's not offered as a generic witness on market
14 values.

15 EXAMINER JONES: Anyway, your question,
16 Mr. Fein?

17 MS. READ: Actually, my last statement should
18 have said a generic expert.

19 MR. FEIN:

20 Q. Is there anyone else at Commonwealth
21 Edison who knows anything more on how this proposed
22 methodology works rather than the two of you

1 witnesses sitting here today?

2 A. (Mr. Crumrine) Which proposed methodology
3 are we talking about now?

4 Q. The company's methodology that we're here
5 seeking approval of, the market value index.

6 A. (Mr. Crumrine) For the market value?

7 Q. Yes.

8 A. (Mr. Crumrine) No.

9 A. (Mr. Nichols) No.

10 Q. Would it be safe to say that you are both
11 experts regarding the proposal within the company?

12 A. (Mr. Crumrine) With regard to this
13 proposal, yes.

14 Q. Mr. Nichols, do you care to respond to
15 that too?

16 A. (Mr. Nichols) I guess I first want to
17 understand exactly what you mean by expert. I'm
18 very knowledgeable on the subject matter.

19 Q. And I don't recall whether I got an answer
20 to the question. Do either of you know whether the
21 company's power purchase agreement with Mission
22 Energy is based upon day-ahead spot prices for the

1 off-peak period?

2 A. (Mr. Nichols) It's my understanding that
3 the off-peak is purchased according to the terms and
4 conditions of the contract.

5 Q. Is that a no answer? Or is it an I don't
6 know answer?

7 MS. READ: I believe the witness was trying to
8 be responsive. He stated his understanding of what
9 it was. I'm not sure that allows for a yes or no.

10 MR. FEIN: He said it was stated through the
11 terms of the contract.

12 EXAMINER JONES: Well, the previous question was
13 -- there was a question, there was an answer, and I
14 think there's a follow-up question on the table, so.

15 MR. FEIN: I can't remember what the question
16 was.

17 Q. Do you know whether under the company's
18 power purchase agreement with Mission Energy -- do
19 you know whether the company's power purchase
20 agreement with Mission Energy is based upon
21 day-ahead spot prices for the off-peak period? Yes
22 or no?

1 A. (Mr. Crumrine) I think our answer is we
2 can't answer it with a simple yes or no as much as
3 we might like to. The prices are in the contract.
4 What those prices are based on I believe is what
5 Mr. Nichols said that he was not familiar with, what
6 they may have been based on. The contract is the
7 contract.

8 Q. Understood. When was that contract
9 negotiated? Do either of you recall?

10 A. (Mr. Nichols) I believe it went into
11 effect in December of '99, so it would have been in
12 the year prior to that.

13 Q. Okay. Now, based upon your understanding
14 of the power purchase agreements, do you know
15 whether Commonwealth Edison has the right to
16 dispatch all the capacity that's committed to ComEd?

17 MS. READ: Your Honor, I'm going to object and
18 then hold the objection as this questioning goes on.
19 Counsel may be eliciting information that is
20 confidential and proprietary. That would be the
21 basis for my objection, and I would ask the
22 witnesses if they feel it elicits confidential and

1 proprietary information or their answer is going to
2 contain confidential and proprietary information,
3 that they let us know, and we will take appropriate
4 steps at that time.

5 EXAMINER JONES: So you want witnesses to have
6 leave to answer --

7 MS. READ: Say I can't answer that because it
8 calls for confidential and proprietary information.

9 EXAMINER JONES: So before answering any given
10 question, you want them to have the opportunity to
11 indicate whether or not -- if they feel that their
12 answer would disclose confidential information?

13 MS. READ: Yes. Then I won't have to object to
14 every question.

15 EXAMINER JONES: Is that --

16 MR. FEIN: That's fine. I do not believe any
17 question I will be asking has anything to do with
18 anything that's confidential information.

19 MS. READ: Okay.

20 EXAMINER JONES: Do you understand how that's
21 intended to work? So if you're asked a question and
22 you have concerns about whether your answer would

1 disclose confidential information, indicate that
2 concern up front before answering, and we'll see
3 what we need to do next.

4 A. (Mr. Crumrine) I understand.

5 A. (Mr. Nichols) I understand.

6 EXAMINER JONES: That's the procedure suggested
7 by your counsel, and that's what we'll do.

8 MS. READ: Thank you.

9 MR. FEIN: I'll repeat the question.

10 Q. Are you aware whether, in fact, under the
11 purchase power agreement that Commonwealth Edison
12 has the right to dispatch all of the capacity that
13 is committed to ComEd?

14 A. (Mr. Nichols) The capacity that is
15 committed to ComED, ComEd has the right to it, but I
16 don't know if they can dispatch it in the fashion
17 that you may be thinking.

18 Q. What do you understand the term right to
19 dispatch to mean?

20 A. (Mr. Nichols) I think it has a very direct
21 control over the output of a station.

22 A. (Mr. Crumrine) I believe it to mean the

1 ability to dispatch via computer through the
2 automated generation system that ComEd possesses,
3 directly control the output of those units up and
4 down, and in that sense dispatch them on a
5 moment-by-moment basis. That's my understanding of
6 the definition.

7 A. (Mr. Nichols) I concur.

8 Q. In other words, and if my memory is
9 correct, that under the purchase power agreement
10 these units can be online within as little as ten
11 minutes from the time that they are dispatched by
12 ComEd. Is that correct? Is that kind of what you
13 were trying to describe?

14 A. (Mr. Crumrine) That's not exactly what I
15 was attempting to describe, no.

16 Q. Would it be fair to say that the
17 provisions regarding dispatch in the purchase power
18 agreement is intended to ensure that the company can
19 maintain reliability at at least the same level as
20 it does today?

21 MS. READ: I'm going to object to the question.
22 There's no showing at this point that the witnesses

1 agree that there are provisions in the contract with
2 regard to dispatch as assumed in counsel's question.

3 MR. FEIN: Well, if counsel would like me to lay
4 a foundation, I will.

5 MS. READ: That would be fine. I would remove
6 my objection.

7 MR. FEIN:

8 Q. Are either one of you familiar with Robert
9 J. Manning?

10 A. (Mr. Nichols) Yes, I know him.

11 A. (Mr. Crumrine) I think we've both heard of
12 him, yes.

13 Q. He is or was, maybe he still is, was,
14 Executive Vice President and President of
15 Competitive Operations for the company. Isn't that
16 correct?

17 A. (Mr. Crumrine) Yes, he was.

18 Q. And are you familiar with the proceeding
19 before the Illinois Commerce Commission in Docket
20 Number 99-0282 regarding the company's proposed sale
21 of its fossil fuel plants?

22 A. (Mr. Nichols) I am not.

1 A. (Mr. Crumrine) I was fortunate enough to
2 stay away from that one. I have no knowledge.

3 Q. Are you aware that such a proceeding
4 occurred?

5 A. (Mr. Crumrine) I am aware that a
6 proceeding occurred.

7 Q. Are you aware that the company presented
8 testimony in that proceeding?

9 A. (Mr. Crumrine) Yes.

10 Q. Would you be surprised to learn that
11 Mr. Manning provided public testimony regarding
12 certain of the provisions contained in the purchase
13 power agreement?

14 A. (Mr. Crumrine) I would not be surprised,
15 no.

16 Q. Would you have any reason to doubt that
17 the testimony that Mr. Manning would provide to the
18 Commission would be true and accurate to the best of
19 his ability?

20 A. (Mr. Crumrine) I have no doubt that it
21 was.

22 Q. Would you have any reason to disagree with

1 certain testimony provided by Mr. Manning that the
2 purchase power agreements contain provisions and
3 requirements which are intended to ensure that the
4 company can maintain reliability?

5 MS. READ: Your Honor, I'm going to object to
6 that question on a couple grounds. The first ground
7 is hearsay. Reading a document or portions of a
8 document from another Commission proceeding into the
9 record is an inappropriate use of hearsay. In fact,
10 the Commission's Rules of Practice caution that the
11 Commission will only even rarely take administrative
12 notice of entire exhibits from other proceedings.

13 These witnesses have testified that they
14 are not familiar with the proceeding. They are
15 aware that there was testimony, but they're
16 obviously not familiar with the individual document
17 from that proceeding, much less whether the document
18 was revised at the time it was entered into the
19 record or subsequently modified by additional
20 testimony, etc., so I object to any further
21 questions in this line.

22 EXAMINER JONES: Any response?

1 MR. FEIN: Let me ask one last question.

2 MS. READ: I take it that means the question
3 that was pending is withdrawn.

4 MR. FEIN: I'll withdraw the pending question.

5 Q. Would you agree that the purchase power
6 agreements would be a reliable source of supply,
7 capacity, energy, and ancillary services for
8 Commonwealth Edison Company?

9 A. (Mr. Crumrine) Without performing
10 personally a more detailed review of that agreement,
11 which I have not done at this point, I don't know.

12 Q. Now, Mr. Nichols, the company presently
13 has something called a full requirements portfolio
14 service that's effective through May of next year.
15 Is that correct?

16 A. (Mr. Nichols) The company offered in
17 conjunction with our proposal for market index a
18 wholesale product for ARES at that time. It's not
19 open to everybody.

20 Q. Right. It was limited to ARES, the
21 availability of that offer. Is that correct?

22 A. (Mr. Nichols) Right.

1 Q. Are ARES still allowed to sign up
2 customers under that service today?

3 A. (Mr. Nichols) I believe, if they have a
4 contract in place, they can add customers.

5 A. (Mr. Crumrine) If they have a wholesale
6 agreement with ComEd, under certain circumstances
7 for certain types of customers they can add them at
8 certain times.

9 Q. And this full requirements portfolio
10 service, that's priced at the PPO market value
11 energy charge?

12 A. (Mr. Crumrine) Well, there were two
13 components of it. Which component are we talking
14 about?

15 Q. Why don't you describe both.

16 A. (Mr. Crumrine) There was a summer-only
17 portion in which the energy prices were priced on a
18 customer-by-customer basis for the particular RES
19 based on the customer classes in which those
20 particular customers resided that were based at the
21 market value energy charges contained in ComEd's
22 Rider PPO based on the Neutral Fact Finder.

1 There was, in addition, a separate
2 component, a mutually exclusive component, that
3 began in June and runs through next May that for
4 certain circumstances customers are being served
5 under that component of it. Again, charges are
6 determined on a customer-by-customer basis for a
7 particular RES based on the customer class in which
8 each individual customer resides, and the market
9 value energy charges that are in ComEd's Rider PPO
10 market index apply to that portion of the agreement.

11 Q. Do you know under the FRP service the
12 off-peak price for those customers?

13 A. (Mr. Crumrine) It depends on the service.
14 I just indicated there's two components.

15 Q. Well, why don't you tell me about the
16 second component that you just described.

17 A. (Mr. Crumrine) The second component was
18 the portion based on the PPO market index that runs
19 from --

20 Q. Right.

21 A. (Mr. Crumrine) -- June through May. And
22 I'm sorry. You asked me about a certain price.

1 Q. Do you know under that portion of the
2 proposal what the off-peak price is for those
3 customers?

4 A. (Mr. Crumrine) The off-peak price is
5 identical on a per customer class basis. On an
6 individual customer selected by the RES, the
7 off-peak prices are equal to the off-peak market
8 value energy charges in Applicable Period A or B.

9 Q. Does the company sell or offer to sell
10 full requirements service to any other parties other
11 than ARES?

12 A. (Mr. Crumrine) I don't know whether we
13 offer. We currently sell it to others.

14 Q. And when you say others, what types of
15 customers, not individual customers?

16 A. (Mr. Crumrine) I'm aware of at least four
17 municipalities to whom we sell full requirements
18 service in a wholesale transaction.

19 Q. Do you know what the wholesale cost to
20 suppliers of the FRP service is for the market index
21 customers under that FRP service?

22 MS. READ: Could I ask that that be read back?

1 I missed the first part.

2 (Whereupon the requested
3 portion of the record was read
4 back by the Court Reporter.)

5 A. (Mr. Crumrine) As I indicated, the price
6 paid by any particular ARES depends on the customer
7 makeup of those customers that are being supplied
8 under that agreement for that particular ARES. The
9 charges are based on the market value energy charges
10 that would apply to that customer had that customer
11 taken PPO service. We're using the exact same
12 numbers, and on an individual customer-by-customer
13 basis and using individual monthly customer usage,
14 those charges are aggregated together, and based on
15 the makeup of the customers supplied by the ARES
16 under that contract, that determines the cost that
17 ComEd charges to the ARES.

18 Q. Does the cost -- does the ARES price
19 change as new customers are added?

20 A. (Mr. Crumrine) Well, what do you mean by
21 price?

22 Q. Mr. Nichols, did you have a response that

1 you were trying to provide?

2 A. (Mr. Nichols) Well, it was uncertain that
3 it would actually change or could change. You don't
4 know what happens, depending on what the customers
5 are.

6 MS. HEXTELL: So, Mr. Nichols, can I ask you a
7 question? I'm sorry. Are you saying that -- first
8 of all, is the price per customer the same from ARES
9 to ARES?

10 Let's say that I sign up a customer that
11 falls in the 3 to 6 megawatt class and Nicor signs
12 up a customer that falls in the 3 to 6 megawatt
13 class, and it's the same size customer. They're
14 both 4 megawatt hospitals. Okay? Are you saying
15 that the price that's charged for that customer is
16 the same for Nicor as it is for NewEnergy?

17 MS. READ: Your Honor, I do think the use of the
18 word price in the question is vague and ambiguous,
19 and this line is becoming somewhat confused, so I
20 object.

21 MS. HEXTELL: Your Honor, in response to her
22 objection, this whole proceeding is about price.

1 Isn't it?

2 MS. READ: This whole proceeding is about market
3 value, and --

4 MS. HEXTELL: Okay.

5 Is price the charge -- would you explain
6 to me, Mr. Crumrine, -- I think you referred to
7 price in your response. Do you have an
8 understanding of what is meant by my question when I
9 say what's the price that's charged for each
10 customer?

11 A. (Mr. Crumrine) Yes. I believe I do have
12 an understanding of what you mean.

13 MS. HEXTELL: Okay. Mr. Nichols, do you have an
14 understanding of what I meant?

15 A. (Mr. Nichols) I could use a little
16 clarification.

17 MS. HEXTELL: Well, then maybe I'll ask
18 Mr. Crumrine the question.

19 (Laughter)

20 Mr. Crumrine, can you tell me -- given the
21 hypothetical that I just set forth, is it your
22 testimony today that if Nicor signed up a 4 megawatt

1 customer and NewEnergy signed up a 4 megawatt
2 customer, that they would be charged the same price
3 or different prices for the usage that they consume
4 -- excuse me -- for the power and energy that they
5 consume each month?

6 A. (Mr. Crumrine) The amount --

7 MS. READ: I object, but I'll withdraw my
8 objection if you clarify your hypothetical with the
9 assumption that they are both on --

10 MS. HEXTELL: FRP service.

11 MS. READ: -- FRP service.

12 MS. HEXTELL: Yes. I'm sorry.

13 Both customers select FRP service. Both
14 are market index customers. Both are the same size.

15 A. (Mr. Crumrine) And we're talking about the
16 same monthly billing periods for both customers.

17 MS. HEXTELL: Exactly.

18 A. (Mr. Crumrine) It is, in my view, unlikely
19 that the charge to individual -- from NewEnergy to
20 Nicor would be identical, and let me explain what I
21 mean by that.

22 MS. HEXTELL: Please do.

1 A. (Mr. Crumrine) In a given month, for that
2 size of customer, there would be a charge for peak
3 period kilowatt-hours consumed by the customer and a
4 charge for off-peak period usage consumed by the
5 customer. Even though in your hypothetical you've
6 hypothesized two similarly sized hospitals, they
7 would likely face the same charge per peak period
8 kilowatt-hour or per off-peak kilowatt-hour.
9 However, the amount ultimately charged to NewEnergy
10 or to Nicor would depend on each individual
11 hospitals' exact amount of peak period kilowatt-hour
12 usage multiplied times that charge and the exact
13 amount of off-peak kilowatt-hour usage multiplied by
14 that charge. I think it's unlikely that they would
15 be ultimately charged identical amounts of dollars.
16 Even though the underlying charge that's based due
17 to the customer would be because they're in the same
18 customer class those charges would be the same, but
19 the dollars would end up being different likely
20 because of slightly if not significantly different
21 usages between the two hospitals.
22 MS. HEXTELL: Perfect. Thank you.

1 Mr. Nichols, did you have anything to add
2 to that?

3 A. (Mr. Nichols) I thought that was
4 excellent.

5 (Laughter)

6 MS. HEXTELL: So just to clarify, I think we've
7 identified that price -- your understanding and my
8 understanding of price means that the dollar amount
9 that's charged for off-peak or on-peak hour usage,
10 that amount is the same for a customer that was
11 signed up by NewEnergy or a customer that was signed
12 up by Nicor. I understand that the usage is
13 different, but the amount that's used to multiply
14 the usage to get to the ultimate price that you
15 referred to is the same for a customer of Nicor or a
16 customer of NewEnergy.

17 A. (Mr. Crumrine) As long as we are again
18 assuming that they are both on FRP service and they
19 are both on the same type of FRP service for the
20 same billing period in the same seasonal period.

21 MS. HEXTELL: Exactly.

22 A. (Mr. Crumrine) Yes, we're in agreement.

1 MS. HEXTELL: Okay.

2 CROSS EXAMINATION (Cont'd)

3 BY MR. FEIN:

4 Q. Let's turn to your discussion in your
5 panel rebuttal testimony, which I believe is Exhibit
6 9, and there's some discussion regarding market
7 value estimates. Both of you would agree that there
8 is a relationship between the CTC and the market
9 value energy charge, correct?

10 A. (Mr. Crumrine) A relationship between in
11 what sense?

12 Q. Well, they correspond mathematically,
13 meaning the amount of the CTC increases, the market
14 value energy charges would decrease?

15 A. (Mr. Crumrine) It's really the other way
16 around. Market value is used to determine
17 transition charges. It's not the other way around.
18 They do have -- although it is not perfect, but they
19 do have a generally inverse relationship to one
20 another.

21 Q. Now on page 8 of your joint rebuttal
22 testimony, you refer to 13 counterparties that have

1 traded forwards contracts with ComEd on the Altrade
2 exchange during the year 2000. Are you familiar
3 with that reference in your testimony?

4 A. (Mr. Nichols) I see that reference.

5 A. (Mr. Crumrine) Yes.

6 Q. Do you know how many transactions that
7 represents?

8 A. (Mr. Nichols) I don't have an exact
9 number.

10 Q. Do you know how much volume was transacted
11 in megawatt-hours?

12 MS. READ: I will remind the witnesses that if
13 this is confidential and proprietary, they need to
14 identify that before answering. I believe the
15 Altrade data, in fact, has been so marked in all the
16 data requests.

17 EXAMINER JONES: You may answer, subject to
18 that.

19 A. (Mr. Nichols) Well, the answer is I don't
20 know exactly.

21 Q. Now, are either of you aware of how many
22 counterparties have traded forwards contracts with

1 ComEd on the Bloomberg exchange during the year
2 2000? I notice you don't mention it in your
3 testimony.

4 A. (Mr. Nichols) I'm not aware of it.

5 A. (Mr. Crumrine) Nor am I.

6 Q. Are you aware whether any counterparties
7 have traded forwards contracts with ComEd on the
8 Bloomberg exchange during the year 2000?

9 A. (Mr. Nichols) I don't know for sure.

10 Q. Are you aware of whether any data requests
11 were submitted to the company regarding the number
12 of transactions that occurred on Altrade?

13 A. (Mr. Crumrine) I believe we got some data
14 requests.

15 Q. Do you know whether your responses to any
16 of those data requests included the volume of
17 transactions that occurred on the Altrade exchange?

18 A. (Mr. Crumrine) Do you have something to
19 refresh our memory? I don't recall as I'm sitting
20 here.

21 A. (Mr. Nichols) I don't know.

22 Q. So you're not aware, sitting there today,

1 whether any responses that were provided included
2 the volume of the transactions. I'm not asking for
3 numbers right now.

4 A. (Mr. Crumrine) I have forgotten whether
5 they did or didn't.

6 Q. Mr. Nichols, do you --

7 A. (Mr. Nichols) I don't recall what the
8 answers were.

9 Q. Do you know if anyone else would know
10 better at the company?

11 A. (Mr. Crumrine) I'd say the data request
12 responses are what they are.

13 Q. Okay.

14 MS. HEXTELL: Can I just ask one follow-up
15 question to that?

16 So is it your testimony that you have no
17 recollection whether or not ComEd has responded to
18 any data requests that actually set forth the number
19 and/or volume of the transactions that occurred on
20 Altrade?

21 A. (Mr. Crumrine) I think we've just said we
22 don't remember what was in the data requests as

1 we're sitting here, yes.

2 MS. HEXTELL: Okay. Mr. Nichols, that's what
3 you --

4 A. (Mr. Nichols) That's right.

5 MS. HEXTELL: I'm sorry. I'm sorry to keep -- I
6 know you keep shaking your head, but she can't --
7 you have to say yes or no, so. Thank you.

8 MR. FEIN:

9 Q. If you could turn to your surrebuttal
10 testimony in your discussion of energy imbalance
11 service, I have some questions regarding that.

12 EXAMINER JONES: What was that reference?

13 MR. FEIN: Surrebuttal testimony. The
14 discussion begins on page 4.

15 EXAMINER JONES: Thank you.

16 MR. FEIN: And whoever this is more properly
17 directed to, feel free to answer.

18 Q. Would you agree that prices and demand are
19 highly correlated?

20 A. (Mr. Crumrine) For what market? For what
21 time period? For what product? Your question is
22 too vague to answer. I'm sorry.

1 Q. Okay. Would you agree that during the
2 summer period in the ComEd service territory, if
3 there's higher demand in the on-peak periods?

4 A. (Mr. Crumrine) Than what?

5 Q. Than in the winter periods?

6 A. (Mr. Crumrine) Generally, yes, I would
7 agree with that.

8 Q. And when there's that higher demand in the
9 summer as opposed to the winter period, does that
10 generally result in higher prices during the summer
11 than the winter?

12 A. (Mr. Crumrine) Not always. It can.

13 Q. More times than not, isn't it correct that
14 prices are going to be higher in the summer than in
15 the winter?

16 MS. READ: I'm going to object to the question
17 as vague and ambiguous. Prices is an awfully broad
18 term.

19 MR. FEIN: Does the witness understand the
20 question?

21 A. (Mr. Crumrine) I was just getting ready to
22 ask you a clarifying question in that same respect.

1 Q. You both have advanced degrees, correct?

2 A. (Mr. Crumrine) Yes.

3 A. (Mr. Nichols) That's correct.

4 Q. Are you familiar with prices during the

5 on-peak periods?

6 A. (Mr. Crumrine) Are we talking about

7 electricity prices?

8 Q. Electricity prices, yes.

9 A. (Mr. Nichols) Are we talking about spot

10 prices? What kind of prices are we --

11 Q. Sure. Let's talk about them.

12 A. (Mr. Crumrine) Yes, we're familiar with

13 them.

14 Q. And is it your testimony that spot prices

15 are higher in the winter than in the summer for the

16 on-peak periods?

17 A. (Mr. Crumrine) I can show you

18 circumstances where they have been.

19 Q. Is that --

20 A. (Mr. Crumrine) In particular hours at

21 particular points in time.

22 Q. Does that occur more often than not that

1 that is the case?

2 A. (Mr. Crumrine) No.

3 MS. HEXTELL: Mr. Crumrine, I have one question
4 for you. Can you tell me in the preceding nine
5 months -- first nine months of this year, was the
6 highest price that ComEd paid for spot market power
7 during the summer or during the winter? If you
8 know.

9 MS. READ: Your Honor, I am going to object to
10 the procedure of two counsel jumping in and out on
11 cross-examination. That is highly irregular. I
12 have tried not to object in order to move this
13 along, but if it's going to continue to happen, I
14 have to object.

15 EXAMINER JONES: Any response?

16 MR. FEIN: We'll try to keep it at a minimum.
17 If counsel wants, we'll take the time and confer and
18 then ask the question. We're not attempting to do
19 it to belabor the proceeding. We're merely trying
20 to examine the company's witnesses.

21 EXAMINER JONES: Is there an objection to the
22 question that's on the table?

1 MS. READ: No.

2 EXAMINER JONES: Okay.

3 A. (Mr. Crumrine) I don't know for sure.

4 A. (Mr. Nichols) For the year 2000 I am not
5 sure.

6 MS. HEXTELL: How about for the year 1999?

7 A. (Mr. Crumrine) It's my understanding that
8 the highest spot prices occurred in the summertime
9 in 1999.

10 A. (Mr. Nichols) It was my understanding that
11 it was on June 30th of 1999.

12 MS. HEXTELL: Thank you.

13 MR. FEIN:

14 Q. Now in your discussion of your
15 hypothetical regarding the -- well, not the
16 hypothetical. Your discussion at the bottom of page
17 5 in the question and answer regarding imbalance
18 costs to suppliers, let me -- I'd like to try to
19 understand what you're saying here and applying what
20 you explain here. Now, if a retail electric
21 supplier pays \$50 a megawatt-hour for energy and has
22 over- scheduled due to lower demand than they had

1 forecasted, there would be an imbalance charge. Is
2 that correct?

3 A. (Mr. Crumrine) I'm sorry. You said
4 they've over-scheduled energy compared to their
5 customers' usage?

6 Q. Right. For example, they scheduled 10
7 megawatt-hours. The customer only used five.

8 A. (Mr. Crumrine) I think it's regardless of
9 the price that they may have paid for their supply,
10 but, yes. They would actually -- if they've over-
11 supplied, there would not be a charge for energy
12 imbalance. They would be compensated for energy
13 imbalance for providing more energy to the control
14 other than their customers utilized in that hour.

15 Q. That's right. Now, similarly, if a retail
16 electric supplier scheduled for only 5
17 megawatt-hours, the customer's demand, due an
18 extreme weather change, they end up utilizing 10
19 megawatt-hours, there would also be an imbalance
20 charge because the control area operator would have
21 to supply that additional power to meet that
22 customer's usage. Is that correct?

1 A. (Mr. Crumrine) Just a clarification, as
2 long as in our example we are talking about
3 individual one-hour periods.

4 Q. Correct.

5 A. (Mr. Crumrine) Yes, that would be correct.

6 Q. And the way that -- in your example, the
7 way that the imbalance charge or credit operates,
8 the price that the supplier pays for the power that
9 they're scheduling, that does not factor in to the
10 calculation. Is that correct?

11 A. (Mr. Crumrine) The energy imbalance --
12 that is correct. The energy imbalance charge is
13 determined under one of the schedules in ComEd's
14 Open Access Transmission Tariff. It is not based on
15 the supplier's cost of purchase.

16 Q. And when you discussed in your testimony
17 whether the net amount that a supplier is billed can
18 either be a credit or -- you know, positive or
19 negative, when you discussed that, you were not at
20 all considering any cost to the supplier to
21 originally procure that supply. Is that correct?

22 MS. READ: Could I ask that that be read back?

1 (Whereupon the requested
2 portion of the record was read
3 back by the Court Reporter.)

4 MS. READ: Are you still on the original page
5 you cited or are you talking about their testimony
6 generally?

7 MR. FEIN: Well, I'll ask about their testimony
8 generally. I'm sure Mr. Crumrine can answer the
9 question.

10 A. (Mr. Crumrine) I'm sorry. She read it
11 back, and I just went blank. Could I have it one
12 more time? I'm sorry.

13 (Whereupon the requested
14 portion of the record was read
15 back by the Court Reporter.)

16 A. (Mr. Crumrine) That's correct.

17 Q. Now, PPO customers are charged for any
18 imbalances based upon metered volume at the
19 applicable market value energy charge for their rate
20 class. Is that correct?

21 A. (Mr. Crumrine) I believe that's our
22 testimony, yes.

1 Q. Is it true that there is no additional
2 charge assessed solely to PPO customers to reflect
3 the cost of energy imbalance on his or her bill?

4 A. (Mr. Crumrine) There's no need to charge
5 an additional cost because we have charged all of it
6 at the market value, so the answer is no, there is
7 no additional cost.

8 MR. FEIN: Ms. Hextell is going to do the
9 balance of our cross-examination.

10 CROSS EXAMINATION

11 BY MS. HEXTELL:

12 Q. Mr. Crumrine, can you tell me how many
13 nonresidential customers become eligible for retail
14 access on January 1, 2001?

15 MS. READ: Julie, could you speak a little more
16 slowly? I couldn't even catch that question.

17 MS. HEXTELL: Oh, I'm sorry. I do speak very
18 quickly.

19 MS. READ: I'm not sure the Court Reporter could
20 follow it either.

21 MS. HEXTELL: Okay.

22 Q. Can you tell me, Mr. Crumrine, how many

1 customers become eligible for retail access on
2 January 1, 2001? Approximately is fine.

3 A. (Mr. Crumrine) In the state?

4 Q. Of Illinois, in ComEd's territory.

5 A. (Mr. Crumrine) Approximately 270,000.

6 Q. It's true, isn't it, that ComEd has had
7 delivery service customers leave the traditional
8 utility supply? Correct?

9 A. (Mr. Crumrine) If by that you mean that
10 they have changed from bundled services to delivery
11 services, yes, we have had customers do that.

12 Q. Do you have any idea approximately how
13 many customers have chosen delivery services rather
14 than bundled services since the market opened
15 October 1st of last year?

16 A. (Mr. Crumrine) Approximately 7,900.

17 Q. Do you have any idea as to the rate at
18 which customers have been leaving? What I mean --
19 or excuse me. Not leaving; selecting delivery
20 services over bundled services.

21 A. (Mr. Crumrine) I don't know what you mean
22 by rate.

1 Q. Okay. Let me explain. Is it 100
2 customers a billing cycle? 200 customers a billing
3 cycle? You said that there have been 7,000 . Is it
4 7,000 divided by twelve months?

5 A. (Mr. Crumrine) It has not been a perfectly
6 linear trend during that time period. I would
7 characterize it as in the first three or four months
8 there was a very rapid increase in the number of
9 customers choosing delivery services. That number
10 of customers choosing slowed somewhat but was always
11 -- it has been an always increasing number since day
12 one. I would say that it also then surged somewhat
13 and increased dramatically after June 1st.

14 Q. Okay. So is it safe to say that ComEd has
15 had the opportunity to sell the power and energy
16 that was freed up by the departure of those 7,000
17 customers during the past month?

18 A. (Mr. Crumrine) We certainly have had the
19 obligation. I don't know how much opportunity, not
20 being in wholesale marketing.

21 Q. Do you know whether ComEd has been selling
22 power and energy in the market since the market

1 opened last year?

2 A. (Mr. Crumrine) You just used market for
3 perhaps two different meanings in the same sentence.

4 Q. I'm sorry.

5 A. (Mr. Crumrine) Could you clarify that?

6 Q. Yes. Do you know whether ComEd has been
7 buying and selling power and energy in the wholesale
8 market since deregulation began, open access for
9 retail customers began on October 1, 1999?

10 A. (Mr. Crumrine) I have a general
11 understanding that we participate in the market as
12 both a buyer and a seller.

13 Q. Okay. Can you look at your rebuttal
14 testimony on page 3, lines 10 through 12? I believe
15 that you say "any calculation of market value is
16 necessarily a proxy for prices that will actually
17 occur as market participants buy and sell
18 electricity." Is that correct?

19 A. (Mr. Crumrine) That's a correct reading.

20 Q. Then I'd also like to direct you to your
21 surrebuttal testimony, which is on page 3, line 16.
22 I believe you say that this issue -- that the issues

1 currently being considered in this proceeding have
2 narrowed as this proceeding moves forward, and that
3 you state that the market value we are looking for
4 is the value of the power and energy freed up when
5 delivery service customers choose to leave the
6 traditional utility supply. Is that correct?

7 A. (Mr. Crumrine) It's not word for word, but
8 it's a close reading of what's there.

9 Q. Sorry. I was trying to compress it a
10 little.

11 Based on this testimony, would you agree
12 that the number that we're all interested in is the
13 number that will actually result as the value of
14 electricity as market participants buy and sell
15 power and energy? Given that that number changes
16 with each transaction, but overall that's the number
17 that people are concerned with. Would you agree
18 that?

19 A. (Mr. Crumrine) No.

20 Q. I'm sorry?

21 A. (Mr. Crumrine) No.

22 Q. Okay. Mr. Nichols, you can jump in any

1 time.

2 A. (Mr. Nichols) Okay. No.

3 Q. Do you have any idea how much power and
4 energy has been freed up since the opening of the
5 open access program?

6 A. (Mr. Crumrine) When you say freed up, what
7 do you mean?

8 Q. Well, I'd actually throw that back to you
9 because I think that's ComEd's terminology. Do you
10 have any understanding of the meaning of the words
11 freed up?

12 A. (Mr. Crumrine) I have an understanding of
13 my understanding of freed up. What I need to know
14 is what you mean by freed up when you asked me the
15 question.

16 Q. Well, I guess what I would say is that you
17 can rely on your understanding of freed up to answer
18 the question.

19 MS. READ: Your Honor, I'm going to object to
20 that, but if the witness is allowed to state his
21 definition as part of his answer, I will waive my
22 objection.

1 MS. HEXTELL: That's fine.

2 EXAMINER JONES: You may answer.

3 A. (Mr. Crumrine) My understanding of
4 freed-up energy is the amount of energy that is no
5 longer being supplied by ComEd when customers choose
6 alternate suppliers by going to delivery services.
7 I do not know the exact number. It is probably on
8 the order of -- no, it's definitely on the order of
9 multiple hundreds of megawatts worth of load that
10 has been freed up, maybe even more than hundreds of
11 megawatts; it may be in the thousands. I'm not sure
12 exactly.

13 Q. Okay. Do you have any knowledge whether
14 ComEd has sold that freed-up power and energy in the
15 wholesale market?

16 A. (Mr. Crumrine) Not being in wholesale
17 marketing, I do not have specific knowledge, but I
18 am sure that we are trying valiantly to obtain the
19 value of that freed-up energy somewhere.

20 Q. Would you have any knowledge whether ComEd
21 has informed the Commission of the prices that
22 they've been -- that ComEd has been able to sell

1 that freed-up power and energy at?

2 A. (Mr. Crumrine) Offhand, I'm not aware.

3 Q. Mr. Nichols, do you have any knowledge?

4 A. (Mr. Nichols) I'm not aware of that.

5 Q. I think that Mr. Fein asked you earlier
6 about the transactions that occurred on the Altrade
7 exchange. Do you have any knowledge whether ComEd
8 has identified to the Commission the average price
9 per megawatt-hour that resulted from those
10 transactions?

11 A. (Mr. Nichols) I do not have knowledge, no.

12 A. (Mr. Crumrine) I'm sorry, because I'm
13 still a little unclear as to exactly which
14 transactions on Altrade we're talking about.

15 Q. All of the transactions.

16 A. (Mr. Crumrine) All the transactions on
17 Altrade.

18 Q. All the transactions -- excuse me. Let me
19 refine that a little. All the transactions that
20 ComEd has been a party to that have occurred on the
21 Altrade exchange.

22 A. (Mr. Crumrine) I'm not aware.

1 Q. Do you have any idea who would be better
2 aware within ComEd?

3 A. (Mr. Crumrine) I'm sure that somewhere in
4 our wholesale group responsible for making those
5 transactions and paying for them after they've been
6 made or getting the money afterwards, that there's
7 records being kept somewhere. I don't know who that
8 individual person might be.

9 Q. Mr. Nichols, did you have something to add
10 to that? You sort of looked like you were.

11 A. (Mr. Nichols) I do not know who that
12 person is, and I'm not sure why they would be
13 reporting wholesale transactions to the Commission.

14 Q. Is it correct to say that ComEd has not
15 offered any examples of their actual transactions
16 that occurred on the Altrade exchange into the
17 record of the current proceeding, this ongoing
18 proceeding, to the best of your knowledge?

19 A. (Mr. Crumrine) I'm not sure I would
20 totally agree with that.

21 Q. Would you explain your disagreement?

22 A. (Mr. Crumrine) We have stated that we have

1 participated in transactions on Altrade. We have
2 stated and determined market values, in part, based
3 on actual transactions that have occurred in
4 Altrade. To the extent that ComEd has been one of
5 the counterparties to transactions that entered into
6 the weighted average prices that were in Altrade,
7 it's in there somewhere.

8 Q. So has ComEd submitted to the Commission
9 an example of any of the contracts that they
10 executed as a result of being one of the
11 counterparties to the transactions that occurred on
12 the Altrade electronic exchange, to the best of your
13 knowledge?

14 MS. READ: Can I ask a clarifying question?

15 MS. HEXTELL: Sure.

16 MS. READ: Or I'll state an objection as vague
17 and ambiguous and then ask a clarifying question.
18 You previously asked in the record. Now you've just
19 said submitted. Are you still qualifying that by in
20 the record --

21 MS. HEXTELL: Sure.

22 MS. READ: -- or through the audit process or

1 discovery?

2 MS. HEXTELL: On the record.

3 MS. READ: Thank you.

4 MS. HEXTELL: Thank you for your clarification.

5 MS. READ: Oh, you're welcome. I make it for
6 the record.

7 A. (Mr. Crumrine) I'm not aware of any
8 specific contract or time period covered by a
9 contract that we have provided in the record.

10 Q. Mr. Nichols?

11 A. (Mr. Nichols) I'm not either.

12 Q. So is it safe to say then that there's no
13 evidence that's been entered into the record of this
14 proceeding that specifically reveals the prices at
15 which ComEd bought or sold power on the Altrade
16 electronic exchange?

17 MS. READ: Your Honor, --

18 Q. To the best of your knowledge.

19 MS. READ: I'm going to object to this question.
20 The record will speak for itself. These witnesses
21 haven't even been here the whole proceeding, and I
22 don't think that's an appropriate question to

1 address to the witnesses.

2 MS. HEXTELL: Your Honor, I would point out that
3 I said to the best of their knowledge, so to the
4 extent that they are unaware of evidence that's been
5 admitted into the record, they can say that.

6 I would also add on that the question --
7 that's the very basis of this proceeding is the
8 market value of the power and energy that's freed up
9 when bundled service customers go to delivery
10 services.

11 MS. READ: These witnesses' knowledge of what is
12 or is not in the record now or subsequently is not
13 relevant to any issue in this proceeding.

14 EXAMINER JONES: I'll allow the question. I
15 don't know that there is an objection that the
16 subject matter they're being asked about is
17 irrelevant.

18 MS. READ: That's right.

19 EXAMINER JONES: And as to whether they should
20 be asked about materials in the record put in by
21 ComEd, I think that's a fair question, and if they
22 know, they can tell us. So that's the ruling.

1 Answer the question, if you can.

2 MS. HEXTELL: Thanks, Your Honor.

3 A. (Mr. Crumrine) I'm sorry. I either need
4 it read back or reasked.

5 MS. HEXTELL: That's fine. Can you read it
6 back, please?

7 (Whereupon the requested
8 portion of the record was read
9 back by the Court Reporter.)

10 A. (Mr. Crumrine) To my knowledge there isn't
11 any, but I don't claim to have total knowledge of
12 every item that's in the record.

13 Q. Thank you. That's fine.

14 Mr. Nichols?

15 A. (Mr. Nichols) I'm not totally clear on
16 what the record means, but we've --

17 Q. Let me -- can I clarify that for? I think
18 what the record means is that as these proceedings
19 go on, different things are marked. Like when your
20 testimony was introduced today, Ms. Read walked you
21 through different documents that you prepared and
22 asked you whether you prepared those and then asked

1 for that to be admitted into the record. So
2 basically it's a file that has all the documents
3 that people have asked in that fashion to be
4 admitted. Does that clarify your understanding of
5 my question?

6 A. (Mr. Nichols) Okay. I think we've always
7 stated that the Altrade prices were proprietary. I
8 mean they're provided, you know, to Staff under
9 audit, but for that reason I don't believe we've put
10 those prices out there.

11 Q. Okay. Thank you.

12 Would you agree with my conclusion that
13 Mr. Huntowski's -- my representation about your
14 expert, Mr. Huntowski's testimony, that use of 8,760
15 hours of historical price and load data is a
16 sufficient basis for your methodology, calculations
17 that are contained within ComEd's methodology?

18 MS. READ: Your Honor, I'm going to object to
19 counsel stating another witness's testimony and then
20 seeking to cross-examine these witnesses on it. I
21 think the record for what Mr. Huntowski said would
22 speak for itself, and if she wants to direct her

1 question to something in their testimony, I have no
2 objection.

3 MS. HEXTELL: Mr. Examiner -- excuse me -- Your
4 Honor. I believe that we have a right to ask --

5 EXAMINER JONES: Mr. Examiner is fine, but go
6 ahead with your --

7 MS. HEXTELL: Your Honor, sir. They offered
8 Mr. Huntowski as an expert witness, and I think we
9 have a right to ask whether or not they agree with
10 their expert witness's testimony. It's their
11 expert, not ours, and I'm not crossing them. I'm
12 just asking them.

13 EXAMINER JONES: I think partly what it comes
14 down to, and I'll allow you to continue your
15 arguments here, is whether the subject matter that
16 you are referring them to, the issues you're
17 referring them to that are addressed in the other
18 witness's testimony, are ones that these witnesses
19 are covering, and I don't know whether there are any
20 representations on that point right now, and I think
21 we would need to hear about that before making any
22 ruling.

1 MS. HEXTELL: Okay. I'll withdraw the question.

2 Q. Is it your understanding that part of the
3 calculation contained within ComEd's methodology
4 relies on an analysis of a year's worth of data,
5 price and usage data?

6 A. (Mr. Crumrine) Yes, 8,760 hourly
7 observations, that's correct.

8 MS. HEXTELL: Thank you.

9 I think that the rest of the questions we
10 have we'd like to do in camera.

11 EXAMINER JONES: Do you know approximately how
12 much questioning you have in camera?

13 MS. HEXTELL: Probably ten minutes.

14 MR. FEIN: Unless there's objections to it.

15 MS. READ: Which there likely will be.

16 MR. FEIN: Then it will be considerably longer.

17 EXAMINER JONES: All right. Off the record
18 regarding scheduling considerations.

19 (Whereupon at this point in
20 the proceedings an
21 off-the-record discussion
22 transpired.)

1 EXAMINER JONES: Back on the record.

2 We hereby break for five minutes, and when
3 we get back we'll take up the NewEnergy confidential
4 questions.

5 (Whereupon a short recess was
6 taken.)

7 EXAMINER JONES: Back on the record.

8 During the off-the-record conference there
9 was some revisiting of estimated cross-examination
10 times.

11 It was also noted that there is no
12 cross-examination of Unicom witness David Braun, and
13 that testimony will go in by affidavit, as I
14 understand the agreement of the parties. Is there
15 any objection to David Braun's testimony going in by
16 affidavit? All right. There is not, so leave is
17 given to do that.

18 All right. Unless somebody has something
19 else, I think that brings us back to the ComEd
20 witness panel, and there is some more cross to
21 conduct, including some in camera, and I believe
22 we're ready for at least the NewEnergy in camera

1 questions.

2 So while we're on the record and before we
3 go in camera, which parties and individuals are
4 allowed to remain in the room for this testimony?

5 MS. READ: I believe it's only NewEnergy's
6 counsel, Staff, Mr. Warren, and Mr. Kaminiski who is
7 leaving, and ComEd.

8 EXAMINER JONES: All right. So those are the
9 only ones entitled to remain, and everyone else is
10 excluded during this portion of the in camera.

11 All right. At this time we hereby go into
12 an in camera portion of the cross-examination.

13 (Whereupon the following
14 pages 1011 through 1028 and
15 1029 through 1059 are
16 contained under separate
17 covers for these in camera
18 portions of the proceedings.)

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1 EXAMINER JONES: Off the record.

2 (Whereupon at this point in
3 the proceedings an
4 off-the-record discussion and
5 period transpired.)

6 EXAMINER JONES: All right. Back on the record
7 in the open public portion of the transcript.

8 I just need to briefly recap what was done
9 on an in camera basis.

10 During the in camera portion or portions,
11 first there was cross-examination by NewEnergy of
12 Mr. Crumrine and Mr. Nichols. After that there was
13 in camera cross-examination by the Commission Staff
14 of the same two witnesses. There was also some
15 redirect, as well as some cross-examination by
16 Mr. Robertson. Then there was in camera
17 cross-examination by Mr. Warren of the same two
18 ComEd panel members.

19 In addition, there were four AG
20 confidential exhibits put into the record. People's
21 Cross Number 1P is in proprietary. It was the
22 response to AG DR Number 1. People's Cross Number 2

1 P is in proprietary. It was the response to DR
2 AG-4.

3 MR. WARREN: Your Honor, Number 1 was for AG
4 Number 1 and Number 2. There's two, two data
5 requests to each one.

6 EXAMINER JONES: You're right. I stand
7 corrected, and also People's Cross Number 2P
8 includes the responses to AG-4 and AG-5. Thank you
9 for clarifying that.

10 There were two other confidential exhibits
11 put in by the AG. They've been marked as People's
12 Cross Exhibits Numbers 3 and 4. They are also
13 responses to data requests. People's Exhibit Number
14 3HP is a response to AG DR Number 3. Is that right?

15 MR. WARREN: Yes.

16 EXAMINER JONES: And People's Cross Exhibit
17 Number 4HP is the ComEd response to AG DR Number 6.

18 MR. WARREN: Six.

19 EXAMINER JONES: The exhibits have been marked
20 confidential. However, it's my understanding that
21 the questions contained in those DRs or the original
22 -- to put it another way, the original DR questions

1 are not confidential, so if other parties want to
2 obtain copies of those questions themselves from
3 those who either asked the questions or provided the
4 responses, as the case may be, they may do so.

5 MR. WARREN: Just for the record, Your Honor,
6 the last two, People's Cross Exhibits 3 and 4, were
7 also designated with the letters HP which indicated
8 highly proprietary, and they were presented to the
9 Hearing Examiner and the Court Reporter and other
10 parties in a sealed envelope.

11 EXAMINER JONES: That is correct. Thank you.

12 I think that basically summarizes in open
13 record the nature of the activities during the in
14 camera portions of the transcript.

15 Also, I think at the suggestion of
16 Mr. Seidel, we did determine at that time whether
17 there was redirect examination with respect to any
18 of that in camera cross-examination, and I believe
19 that all redirect that there is to be conducted with
20 respect to that in camera cross has, in fact, been
21 conducted.

22 So with all that, we'll at least see what

1 we need to do next with respect to concluding the
2 cross-examination of these two witnesses.

3 I believe that the IIEC has
4 cross-examination, and the AG may have --

5 MR. WARREN: Five minutes.

6 EXAMINER JONES: -- some as well.

7 MR. WARREN: And also Staff.

8 EXAMINER JONES: I think Staff is finished,
9 aren't they? Didn't you say all yours was in
10 camera?

11 MR. REICHART: Except for one question.

12 EXAMINER JONES: All right. So Staff still has
13 some for the public record, as does the AG and the
14 IIEC as well, and I don't know about IP. Do you
15 still have some?

16 MR. LAKSHMANAN: No, we do not.

17 EXAMINER JONES: IP is now a zero in terms of
18 the cross-examination time.

19 All right. So to discuss how best to
20 proceed from this point forward, we hereby go off
21 the record.

22 (Whereupon at this point in

1 the proceedings an
2 off-the-record discussion
3 transpired.)

4 EXAMINER JONES: Back on the record.

5 There was an off-the-record discussion
6 regarding scheduling and related considerations. I
7 think that the plan is to get the cross-examination
8 finished by all parties except for Mr. Robertson for
9 the IP panel members, so that's what we'll do. I
10 think maybe Mr. Warren, perhaps Staff, has some
11 additional questions. Who would like to proceed?

12 MR. REICHART: I can do mine. It's just one
13 very easy question.

14 EXAMINER JONES: Mr. Reichart.

15 MR. REICHART: Thank you.

16 CROSS EXAMINATION

17 BY MR. REICHART:

18 Q. Gentlemen, my question is, are you aware
19 if representatives from Staff visited your offices
20 to audit the records on the Altrade and Bloomberg
21 PowerMatch transaction prices, as well as the bid
22 asked midpoints that were pertinent to the

1 Applicable Period A filing by ComEd?

2 A. (Mr. Nichols) Yes, there was an audit
3 conducted.

4 Q. And is the same true with respect to the
5 Applicable Period B filing by ComEd?

6 A. (Mr. Nichols) Yes, there was an audit
7 conducted.

8 MR. REICHART: Those are my only questions.
9 Thank you.

10 EXAMINER JONES: Mr. Warren.

11 MR. WARREN: Good afternoon again, gentlemen.

12 CROSS EXAMINATION

13 BY MR. WARREN:

14 Q. I'd like to refer you to your rebuttal
15 testimony, ComEd Exhibit Number 9, page 6, if I
16 could, please, specifically line 23. Are you there?

17 A. (Mr. Crumrine) Yes.

18 A. (Mr. Nichols) Yes.

19 Q. It states, "In 2000, ComEd traded with 37
20 different counterparties for Into-ComEd forward
21 contracts." Is that correct what it states?

22 A. (Mr. Crumrine) Yes.

1 Q. It says in 2000. From what period? From
2 January 1, 2000, to what date? Would it be the date
3 that you have on this or some other date?

4 A. (Mr. Nichols) It would be sometime before
5 this date.

6 Q. But you don't know --

7 A. (Mr. Nichols) There would be not a
8 specific date.

9 Q. Okay. Within a month?

10 A. (Mr. Nichols) Yes. I mean it was
11 contemporary to.

12 Q. All right. And you mentioned that there
13 were 37 different counterparties for the Into-ComEd
14 forward contracts. Do you know how many other
15 counterparties are involved in the Into-ComEd
16 forward contracts traded?

17 A. (Mr. Nichols) We would only know who was
18 trading with us.

19 Q. That's also your answer?

20 A. (Mr. Crumrine) I agree.

21 Q. Okay. Could I refer you then to your
22 surrebuttal, ComEd Exhibit 10, and to page 5?

1 Actually it begins on page 4. You state that ComEd
2 also must separately procure, on line 20, looks like
3 21, also must separately procure Energy Imbalance
4 Service for its PPO customers from the
5 control area operator. Is that correct?

6 A. (Mr. Crumrine) Yes.

7 Q. Okay. And then on page 5 on line 12, the
8 sentence "ComEd, as the control area operator," you
9 state there. Is that correct?

10 A. (Mr. Crumrine) Yes.

11 Q. Is ComEd the control area operator for the
12 area that ComEd operates in?

13 A. (Mr. Crumrine) ComEd's transmissions
14 operations group within ComEd is the control area
15 operator for our area, yes.

16 Q. Okay. So then the rest of this page where
17 you're explaining that there may be some charges or
18 may be some paying back that the control area
19 operator has to do to any RES or a supplier that
20 would have some sort of imbalance, that would be
21 ComEd paying or giving back to itself? Am I
22 understanding this correctly?

1 A. (Mr. Crumrine) There are actual internal
2 book transactions that do occur to reflect those
3 payments or credits, yes.

4 Q. As a control area operator, does ComEd
5 receive a fee or any kind of payment for whatever
6 actions it takes as a control area operator?

7 A. (Mr. Nichols) Well, ComEd has got a FERC
8 OATT filing where it's a tariff, so it charges, you
9 know, according to the tariff.

10 Q. Okay. And these tariff charges that it's
11 allowed to charge, does it charge itself when the
12 transaction is internal?

13 A. (Mr. Crumrine) Yes.

14 MR. WARREN: That's all I have. Thank you.

15 EXAMINER JONES: Thank you, Mr. Warren.

16 I think that's it then for these witnesses
17 for now.

18 I believe Unicom wanted to put in an
19 exhibit. Is that right?

20 MR. McDEVITT: We actually have two ministerial
21 items, Your Honor.

22 The first is to introduce by affidavit the

1 testimony of David Braun. I apologize. I have only
2 two copies of the affidavit. They're a buck a piece
3 next door here, so. I have one original.

4 EXAMINER JONES: Let's see what you've got. Why
5 don't you just attach that to the back of the
6 testimony.

7 MR. McDEVITT: Okay.

8 EXAMINER JONES: If nobody has any objection to
9 that, and we'll just make it part of the exhibit, as
10 long as the record shows that's what's going on.

11 MR. McDEVITT: Good enough. All right.

12 EXAMINER JONES: And we just need one official
13 copy to be marked and then one copy for our Court
14 Reporter's use.

15 MR. McDEVITT: Okay. Here we go. I'll serve
16 everyone else with copies of the affidavit.

17 The second thing I'd like to --

18 EXAMINER JONES: Let's get some identification
19 going with this first. You want that mark as --

20 MR. McDEVITT: Unicom Energy Direct Exhibit 1.

21 EXAMINER JONES: Is it all right if we just make
22 that Uniform Energy Exhibit 1? Is that

1 satisfactory?

2 MR. McDEVITT: That's fine with me.

3 EXAMINER JONES: All right. We'll make that
4 Unicom Energy Exhibit 1.

5 (Whereupon Unicom Energy
6 Exhibit 1 was marked for
7 identification.)

8 EXAMINER JONES: All right. Did you have
9 another matter?

10 MR. McDEVITT: Yes. There were some pages that
11 we've just received related to Unicom Energy Cross
12 Exhibit 1. These are the last few pages of the
13 exhibit to the data requests that we had introduced
14 earlier. I would suggest that we could simply add
15 these as an amendment to the original exhibit which
16 was introduced earlier, subject, of course, to
17 stipulation of counsel here.

18 MS. READ: I stipulate.

19 EXAMINER JONES: Does anyone have any problem
20 with that?

21 MR. FEIN: No.

22 EXAMINER JONES: So you'd be adding what? Pages

1 1, 2, 3, and 4 from so-called Attachment C1?

2 MR. McDEVITT: What I actually have here is the
3 complete set of Attachment C1, which is pages 1
4 through 6, so we'd just pull the last -- the two
5 that were there before, substitute pages 1 through
6 6, and we'd then have a complete exhibit.

7 MS. READ: Actually, Dan, we have two full
8 copies here, if you just want to substitute them.

9 MR. McDEVITT: Sure.

10 MS. READ: And have it remarked.

11 EXAMINER JONES: We have one here that's marked.

12 MS. READ: Okay.

13 MR. McDEVITT: Okay.

14 EXAMINER JONES: So let the record show we
15 hereby give you leave to withdraw for a matter of
16 seconds the Unicom Energy Cross Exhibit Number 1 and
17 to remove the last two pages therefrom and
18 substitute a new Attachment C1, pages 1 through 6,
19 inclusive. Now does that take care of it?

20 MR. McDEVITT: That does it.

21 EXAMINER JONES: So we now have that back, and
22 it has been modified accordingly.

1 That's all you have, right?

2 MR. McDEVITT: That's all for me, yes. Thank
3 you.

4 EXAMINER JONES: Okay. It's my understanding
5 there's no objection to the admission of Unicom
6 Energy Exhibit Number 1, but let's make sure. Does
7 anyone have any objection to the admission into
8 evidence of Unicom Exhibit Number 1 by affidavit?

9 MR. FEIN: No.

10 EXAMINER JONES: All right. There are none.
11 Unicom Energy Exhibit Number 1 is hereby admitted
12 into the evidentiary record.

13 (Whereupon Uni com Energy
14 Exhibit 1 was received into
15 evidence.)

16 EXAMINER JONES: Okay. Off the record regarding
17 lunch.

18 (Whereupon at this point in
19 the proceedings an
20 off-the-record discussion
21 transpired.)

22 EXAMINER JONES: Back on the record.

1 We hereby break until 2:55.

2 (Whereupon lunch recess was

3 taken until 2:55 P.M.)

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1 A F T E R N O O N S E S S I O N

2 (Whereupon the proceedings
3 were hereinafter
4 stenographically reported by
5 Carla Boehl.)
6 (Whereupon CILCO Exhibits 1.0
7 and 2.0 were marked for
8 purposes of identification as
9 of this date.)

10 EXAMINER JONES: Back on the record. I believe
11 by prior arrangement there is a CILCO witness that
12 will be testifying at this time; is that correct,
13 Mr. Seidel?

14 MR. SEIDEL: Yes, thank you very much,
15 Mr. Examiner. Are we ready to proceed?

16 EXAMINER JONES: I think we are. The witness
17 is who?

18 MR. SEIDEL: This is CILCO witness Deborah L.
19 Lancaster. She has not been sworn.

20 EXAMINER JONES: Please stand to be sworn, if
21 you would.

22 (Whereupon the Witness was

1 duly sworn by Examiner Jones.)

2 D E B O R A H L. L A N C A S T E R

3 called as a Witness on behalf of Central Illinois
4 Light Company, having been first duly sworn, was
5 examined and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. SEIDEL:

8 Q. Would you please state your name and
9 business address.

10 A. My name is Deborah Lancaster. My business
11 address is 300 Liberty, Peoria, Illinois 61602.

12 Q. Do you have before you two documents
13 which have been marked for identification purposes
14 as CILCO Exhibit 1.0 and CILCO Exhibit 2.0?

15 A. Yes, I do.

16 Q. And is CILCO Exhibit 1.0 a four-page
17 typewritten document consisting of eight questions
18 and answers and bearing the title "Prepared Direct
19 Testimony of Deborah L. Lancaster on Behalf of
20 Central Illinois Light Company in Docket Numbers
21 00-259, 00-395, 00-461"?

22 A. Yes, it is.

1 Q. And is CILCO Exhibit 2.0 a five-page
2 typewritten document consisting of five questions
3 and answers bearing the title "Prepared Surrebuttal
4 Testimony of Deborah L. Lancaster on Behalf of
5 Central Illinois Light Company, Docket Numbers
6 00-0259, 00-0395, 00-0461 Consolidated"?

7 A. Yes, it is.

8 Q. Were these documents prepared by you to
9 submit as your prepared direct testimony and
10 prepared surrebuttal testimony in this docket?

11 A. Yes, they were.

12 Q. Are there any corrections to CILCO Exhibit
13 1.0?

14 A. Yes, there is one correction. That
15 correction is on page 3 of 4, line number 62. After
16 the comma there is the word "but" and then there is
17 the word "energy." I need to insert the word
18 "firm."

19 MR. LAKSHMANAN: I'm sorry. I just want to
20 make sure I am clear. Does that go between the word
21 "but" and "energy"?

22 THE WITNESS: Yes, in between the word "but"

1 and "energy."

2 MR. SEIDEL:

3 Q. Is that the only correction to CILCO
4 Exhibit 1.0?

5 A. To that one, yes, it is.

6 Q. Are there any corrections to CILCO Exhibit
7 2.0?

8 A. Yes, there are corrections on page 5,
9 lines 98 and 99. After the word "response" half way
10 through that sentence on line 98 strike the word "A"
11 before the word "data." Make the word "request"
12 plural.

13 And on line 99, after the word "staff"
14 insert the words "and IP."

15 Q. Are there any other corrections of this
16 exhibit?

17 A. No.

18 MR. SEIDEL: Mr. Examiner, I would note for the
19 record that we have made these handwritten changes
20 on the copies of the exhibits that we have submitted
21 to the court reporter.

22 EXAMINER JONES: Thank you.

1 MR. SEIDEL:

2 Q. Now, with these corrections, if I were to
3 ask you the questions appearing in CILCO Exhibits
4 1.0 and 2.0, would your answers be the same?

5 A. Yes, they would.

6 MR. SEIDEL: Mr. Examiner, I have no further
7 questions of CILCO witness Lancaster. I offer CILCO
8 Exhibits 1.0 and 2.0 into evidence and make
9 Ms. Lancaster available for cross examination.

10 EXAMINER JONES: Any objections to those
11 exhibits being admitted?

12 MR. LAKSHMANAN: Yes, we may have a motion to
13 strike a portion of the surrebuttal testimony. It
14 would depend on certain cross questions.

15 EXAMINER JONES: That's the surrebuttal
16 testimony?

17 MR. LAKSHMANAN: Yes, Your Honor.

18 EXAMINER JONES: Any other responses? There
19 are not. Let the record show CILCO Exhibit 1.0 is
20 admitted. CILCO Exhibit 2.0, being the surrebuttal
21 testimony, has been offered but we will withhold a
22 ruling on that until a later point.

1 (Whereupon CILCO Exhibit 1.0
2 was admitted into evidence.)

3 EXAMINER JONES: I think there are maybe three
4 parties who have questions for Ms. Lancaster.
5 Anyone want to start off?

6 MR. REICHART: Sure, I will start off.

7 CROSS EXAMINATION

8 BY MR. REICHART:

9 Q. Good afternoon, Ms. Lancaster.

10 A. Good afternoon.

11 Q. My name is John Reichart and I represent
12 the Staff of the Commission. I would like to begin
13 by referring you to page 3 of your direct testimony.
14 In Question and Answer 6 you recommend that the
15 market value index in Ameren and IP territories be
16 adjusted to reflect the additional cost of energy
17 due to Ameren and IP requiring the retail supplier
18 to supply 15 percent planning reserves; is that
19 correct?

20 A. That is correct.

21 Q. Can you tell me how Ameren and IP should
22 quantify the increase in the market value index that

1 are needed to reflect the additional cost of energy
2 due to the companies' requiring retail suppliers to
3 supply 15 percent planning reserves?

4 A. Well, I can offer a suggestion for either
5 company and then I can comment on a suggestion
6 Ameren has already made on their own.

7 Either one of these companies could
8 possibly go out and get bids on what those reserves
9 would cost if they were to have to buy them or if
10 they supplied them themselves from their system.
11 They could offer that price up to the RES or the
12 ARES, and the RES could then either agree to buy
13 those reserves from either company at that price, or
14 the RES could turn that down and secure those on
15 their own. But at least they would know that they
16 are going to be paying for these reserves.

17 Ameren in their rebuttal testimony has
18 stated that they have no issue with adjusting the
19 market value to cover the reserves that they are
20 requiring, but they are asking that you take those
21 costs from their recently filed Schedule 4A to their
22 OATT.

1 Q. Do you have a comment on that process?

2 A. I have just received that this past week,
3 their recently filed Schedule 4A, and so I don't
4 know that -- I would have to do more investigation
5 of that schedule to say that I agree with their
6 charges.

7 Q. Thank you. In a similar light on page 3
8 and 4, Question and Answer 7, you recommend that the
9 market value index in Ameren and IP territories be
10 adjusted to reflect the additional cost of energy
11 due to Ameren and IP acquiring the retail supplier
12 to provide capacity-backed energy. I would ask you
13 a similar question. How should Ameren and IP
14 quantify the increase in the market value index that
15 is needed to reflect the additional cost of energy
16 due to their requirement for retail suppliers to
17 provide capacity-backed energy?

18 A. I would answer that in the same way, the
19 option that they could secure that capacity
20 themselves and offer that price up for the RES to
21 pay or the RES could go and secure it on their own
22 if they felt they could receive a better price on

1 their own.

2 There is a capacity market developing in
3 Illinois with all the new generation that is going
4 in. It's just not out there for public knowledge
5 yet. But my co-workers that trade in the daily
6 market and the forward long-term trading have been
7 talking to a lot of marketers this year on capacity
8 deals.

9 MR. LAKSHMANAN: Objection on the ground that
10 the last part of the response was all hearsay.

11 EXAMINER JONES: Any response?

12 MR. SEIDEL: Well, I didn't hear Mr. Reichart
13 object, so apparently he felt it was responsive and
14 within the realm of this witness' knowledge and what
15 she relies upon in making her proposals. So I think
16 it's appropriate. She is offered as a person with
17 more knowledge -- with knowledge beyond the ken of
18 the normal lay person, and as an expert relies on
19 discussions with colleagues and, therefore, I think
20 it's appropriate, not hearsay.

21 EXAMINER JONES: Mr. Reichart, any thoughts on
22 the subject?

1 MR. REICHART: I don't have any objections to
2 the answer.

3 EXAMINER JONES: You are saying this witness is
4 testifying as an expert?

5 MR. SEIDEL: Yes.

6 EXAMINER JONES: Mr. Lakshmanan, anything
7 further?

8 MR. LAKSHMANAN: No.

9 EXAMINER JONES: I am going to allow the
10 question. I think it goes to the weight that the
11 witness is testifying as an expert. It's a
12 borderline situation. But I think the context in
13 which the testimony was given which is objected to,
14 I think, is such that the answer is proper. As I
15 say, it goes to the weight. Your next question?

16 MR. REICHART: That's all I have, thank you.

17 EXAMINER JONES: I think IP and ComEd have
18 questions, if I am not mistaken.

19 CROSS EXAMINATION

20 BY MS. ROSEN:

21 Q. Good afternoon, Ms. Lancaster. My name is
22 Courtney Rosen and I am one of the attorneys

1 representing Commonwealth Edison Company in this
2 proceeding. I would first just like to ask a
3 clarifying question. Does your testimony apply in
4 any way to the ComEd proposal or is it limited
5 solely to the Ameren and IP proposals?

6 A. My testimony is limited only to the Ameren
7 and IP proposals. And the reason for that is that
8 my particular testimony deals with the reserves and
9 the capacity issues, and Commonwealth Edison does
10 not require the RES to supply either one of those to
11 serve the customers in their territory. They do
12 accept a marketer firm liquidated damages contract
13 as that firm designated resource.

14 MS. ROSEN: Thank you. I have nothing further.

15 EXAMINER JONES: Mr. Lakshmanan, you are up.

16 CROSS EXAMINATION

17 BY MR. LAKSHMANAN:

18 Q. Thank you. Turning back to -- good
19 afternoon. Joe Lakshmanan with Illinois Power
20 Company. Turning back to the same page where Staff
21 started which was on page 3 of your direct
22 testimony, Q and A6, do you see that?

1 A. Uh-huh.

2 Q. Am I correct in saying that the proposal
3 here is to have some sort of adjustment or
4 additional price added onto Ameren's and IP's market
5 value determination?

6 A. That's correct.

7 Q. Then turning to your surrebuttal, and
8 unfortunately mine is not paginated. Hopefully, our
9 lines are all the same. It's the paragraph that
10 begins on my line 59, "As I mentioned earlier;" do
11 you see that?

12 EXAMINER JONES: What words?

13 MR. LAKSHMANAN: The paragraph I have begins
14 "As I mentioned earlier" on line 59. I'm not sure
15 if everyone's pagination or lines is the same.

16 EXAMINER JONES: Thanks.

17 MR. LAKSHMANAN:

18 Q. In that paragraph am I correct that you
19 cite to a contract that is called, and I believe
20 it's a quote, the Master Power Purchase and Sale
21 Agreement?

22 A. That's correct.

1 Q. And you actually quote out of that, is
2 that correct? It appears that on lines 64 and 65
3 there actually is a quote.

4 A. Okay, I am reading further. Yes, sir.

5 Q. And in this section of your surrebuttal
6 are you in fact elaborating on why you believe there
7 should be the price adjustment that we just
8 discussed that came out of your direct testimony on
9 page 3?

10 A. Why I feel there should be?

11 Q. Yes.

12 A. There is an additional cost to the RES or
13 the ARES in securing this type of a product.

14 Q. And one of the reasons you give -- I'm
15 sorry, were you finished? I apologize.

16 A. That's okay.

17 Q. And in this paragraph, am I correct in
18 that you are citing to this Master Power Purchase
19 and Sale Agreement as one of the bases for why there
20 is an additional cost?

21 A. I am not referring to it as a basis. I
22 was using that just as an additional information as

1 to the conversation that took place at a meeting I
2 attended with the IP transmission folks and billing
3 folks where we were told that we had to supply 15
4 percent reserves. And Mr. Bob Latham who negotiated
5 this contract that you are talking about here was in
6 that, was in attendance at that same meeting. So I
7 was just offering up this contract as another form
8 of -- a basis to say that it wasn't only CILCO
9 people in the meeting that understood we needed 15
10 percent reserve, but they -- a gentleman that
11 negotiated this contract with Ameren also was under
12 that same understanding.

13 Q. But, nevertheless, you actually have cited
14 to and quoted from that contract; is that correct?

15 A. I have.

16 Q. And are you aware whether Illinois Power
17 Company requested a copy of that contract in the
18 data request?

19 A. Yes. On Monday of this week I was asked
20 by you to submit that contract.

21 Q. And was a complete copy of that contract
22 provided to Illinois Power Company?

1 A. In pages, yes, a complete contract was
2 submitted. But as far as the actual price of the
3 capacity-backed energy and reserves, I blacked those
4 out. The IEC negotiated those prices with Ameren.
5 CILCO did not. And the IEC has not given me
6 permission to share those prices that they paid
7 Ameren for that energy.

8 Q. Is this a contract between the IEC and
9 Ameren?

10 A. The contract itself is designed between
11 CILCO and Ameren as the RES for the IEC, but CILCO
12 had no part in negotiating the prices. Mr. Latham
13 negotiated all the prices. He sent out RFPs; he
14 awarded the contract to Ameren. But as far as to
15 actually put into operation the daily delivery, the
16 scheduling, and the ownership of the energy, we
17 needed to sign an agreement with Ameren for the
18 purchase of that energy.

19 MR. LAKSHMANAN: At this time, Your Honor, I
20 would -- and we have attempted to work this out, I
21 can assure you, over the last two days between
22 Mr. Seidel and Mr. Flynn. We would move that they

1 provide us with either the pricing or that they
2 strike the testimony that refers to this.

3 EXAMINER JONES: Now, what pricing is it you
4 want?

5 MR. LAKSHMANAN: In the actual copy that was
6 provided to me there is the pricing in the contract,
7 apparently, on a megawatt hour basis and all those
8 prices have been redacted.

9 EXAMINER JONES: So what you are requesting is
10 that you either be provided that pricing information
11 or that the motion to strike be granted?

12 MR. LAKSHMANAN: Be granted, and it's with
13 respect to the portion of her surrebuttal testimony,
14 make sure I get the right places again. I'm sorry,
15 mine wasn't paginated so I'm not quite sure on that.
16 It's the portion that discusses this contract on
17 line 62 and quotes from it on lines 64 and 65 and
18 continues on through to the next page.

19 EXAMINER JONES: All right. What words does
20 that begin with? The lines are not matching up with
21 the copy I have.

22 MR. LAKSHMANAN: I'm sorry about that. The

1 portion would be starting on line 62. "The contract
2 is ultimately awarded to Ameren Energy Services."
3 Then the next sentence begins, "In the Master Power
4 Purchase and Sale Agreement," and it continues on
5 through. Let me make sure I have got this right.
6 On to, "These reserves were acquired based on
7 information given to those of us in attendance at
8 the June 19 meeting."

9 MS. READ: What lines?

10 MR. LAKSHMANAN: On my version it's line 66.
11 I'm not sure on other people's versions.

12 EXAMINER JONES: So that's the portion that you
13 want stricken in the alternative?

14 MR. LAKSHMANAN: That's correct. And when the
15 surrebuttal testimony was put in, as I believe the
16 parties remember, we said that part of that would
17 depend on getting a timely answer to a DR so we
18 would be able to move things along expeditiously.

19 EXAMINER JONES: Someone has told you that you
20 cannot have that?

21 MR. LAKSHMANAN: I have been informed by both
22 Mr. Flynn and Mr. Seidel, and we have attempted to

1 work this out over the last few days and we have
2 been unsuccessful.

3 EXAMINER JONES: We have got one other motion to
4 strike and we are going to have to lump this in the
5 same category. Unless this has been resolved, we
6 really don't have time to argue this at this time.
7 So we are going to have to defer this like the other
8 motion that you made or actually it was that you are
9 involved in.

10 MR. LAKSHMANAN: Thank you. Because if I had
11 made it, I will withdraw it.

12 EXAMINER JONES: I stand corrected. I think
13 IIEC counsel made it and you oppose it. And we are
14 going to have to get some kind of procedure in place
15 to get this addressed, but I think now is not the
16 time.

17 But I will make the same statement. If
18 you have cross examination on this, on this portion
19 of the testimony, then you do need to conduct that
20 at this time. If you do not and you are
21 unsuccessful in your motion, then you will have
22 waived your right to cross. But if you do cross on

1 it now, you will not be waiving any rights with
2 respect to your motion.

3 MR. LAKSHMANAN: I appreciate that, Your Honor.

4 Q. Do you happen to have a copy of the
5 agreement, at least as it was provided to me, in
6 front of you?

7 A. Yes, I do.

8 Q. That will make it a little easier then.
9 In that particular part of your surrebuttal where
10 you discuss this agreement, you actually quote from
11 it; is that correct?

12 A. Yes.

13 Q. Could you please identify where in the
14 agreement that quote comes from?

15 A. The words within the quotations -- and
16 when I wrote this again I might not have got the
17 words in the exact order that I was taking them. I
18 was highlighting them. But they read, "energy
19 supported by capacity and reserves, unquote. In the
20 contract that I gave you a copy of, on the first
21 page, beside the word "buyer" is the first large
22 paragraph.

1 Q. I'm sorry, the first page of the
2 agreement?

3 MR. SEIDEL: Exhibit A to the agreement.

4 THE WITNESS: I am calling it the first page. I
5 guess it's labeled Exhibit A on the top right -hand
6 corner.

7 MR. LAKSHMANAN:

8 Q. Thank you very much.

9 A. Beside the word "buyer" and in the second
10 sentence it says, "Energy supported by capacity and
11 reserves provided under this transaction." And
12 that's the wording I was referring to when I put it
13 in quotations, when I put it in my testimony.

14 Q. So what you are actually referring to is
15 the definition of the buyer in that case, is that
16 correct, my understanding is what you are --

17 A. No, this doesn't define the buyer. It
18 defines the buyer but then it further gives
19 direction that the buyer agrees that this energy
20 which is supported by capacity and reserves provided
21 under this transaction is expressly used for the
22 consumption of the IEC and CILCO cannot re-market

1 that energy.

2 Q. Does the contract any other place state
3 that it's supported by capacity and reserves? I,
4 too, had a hard time finding that anywhere else.

5 A. I don't know that at this time. I don't
6 know all the wording in that large contract. But
7 when I wrote my testimony, what I can tell you is
8 that's the paragraph that I was referring to when I
9 put the quotation marks in there.

10 Q. But as far as you know, it doesn't
11 otherwise require energy supported by capacity and
12 reserves in any other part of the contract?

13 A. I don't know that that wording is in the
14 rest of the contract.

15 Q. Without asking that any pricing be
16 revealed, to the extent that we can get at it a
17 different way, do you have or have you made any
18 analysis as to whether the pricing that is contained
19 in this contract, how that pricing would compare to
20 Illinois Power's market value index calculation, the
21 sample calculation that was provided by Mr. Jones
22 and Mr. Peters in this docket?

1 A. The pricing that's listed in this
2 contract, no, we have made no analysis of these
3 prices at all. We were not involved in the
4 negotiation of these prices. CILCO is really
5 indifferent in this particular contract of what
6 those prices ended up being because it was
7 negotiated between the IEC and Ameren.

8 Q. So you, for instance, don't know whether
9 in fact the pricing that is contained in this
10 contract is higher or lower than the market value
11 index sample calculation provided by Mr. Jones and
12 Mr. Peters in this docket?

13 A. I do not know that.

14 Q. In your last couple of answers and in your
15 surrebuttal you discuss or at least mention the IEC.
16 Am I correct that that's the Illinois Energy
17 Consortium?

18 A. That's correct.

19 Q. Are you familiar with the Illinois Energy
20 Consortium?

21 A. Well, what's your definition of familiar?

22 Q. Familiar enough to talk about them in your

1 testimony?

2 A. Yes.

3 Q. Does CILCO have some sort of business
4 relationship with the Illinois Energy Consortium?

5 A. Yes, CILCO is the RES for the Illinois
6 Energy Consortium.

7 Q. Can you describe a little bit about what
8 the Illinois Energy Consortium does or is seeking to
9 do and to the extent that you are involved with
10 them?

11 A. Yeah, because I can't pretend to know
12 everything about them. But from what I understand
13 is that the IEC represents schools statewide, and
14 schools pay a membership to belong to the IEC. And
15 the IEC tries to aggregate their electrical usage
16 and get the best possible price for the schools that
17 are members of the IEC.

18 Q. Do you happen to know whether the IEC
19 signs up schools so that the IEC becomes their
20 exclusive marketer or arranger or whatever term you
21 think, yeah, signs them up exclusively?

22 A. You know, I don't know that for a fact. I

1 can't answer that honestly.

2 Q. Do you happen to know when the IEC started
3 signing up schools approximately?

4 A. I do know that CILCO began being the RES
5 for the IEC schools in the Commonwealth Edison
6 territory this past winter. I am not exactly sure
7 of the date we started delivering energy to them,
8 sometime around the first of the year, but I don't
9 know the exact date.

10 Q. In terms of the IEC, though, do you happen
11 to know when they started signing up schools as
12 opposed to CILCO?

13 A. No, I don't.

14 Q. Do you happen to know was it in the time
15 frame of late 1999?

16 A. That the IEC started signing up schools?

17 Q. Yeah.

18 A. I don't know when they started signing up
19 schools.

20 Q. Would it refresh your recollection if I
21 were to show you a press release of CILCO, a CILCO
22 press release, in fact, off of CILCO's web site?

1 May I approach the witness? I am not offering it at
2 the moment but if anyone else would like a copy.

3 EXAMINER JONES: I will take one.

4 MR. LAKSHMANAN:

5 Q. Does that refresh your recollection that
6 in the fall of 1999 the IEC was already signing up?

7 A. It doesn't refresh my recollection because
8 I have not seen this before.

9 MR. SEIDEL: I also would note that, in the
10 little time I have had to read it, it doesn't say
11 anything about when IIEC started signing up schools.

12 MR. LAKSHMANAN: You mean IEC?

13 MR. SEIDEL: The IEC.

14 MR. LAKSHMANAN: To your point, Mr. Seidel, I
15 believe in the one, two, three, four, five, sixth
16 paragraph it says that over 200 school districts of
17 all parts of the state have joined IEC within the
18 past -- I'm sorry, within the last five weeks.

19 MR. SEIDEL: That still doesn't tell me when
20 they started. That's what happened within the last
21 five weeks. Who knows what happened during the last
22 millennium.

1 MR. LAKSHMANAN:

2 Q. Would you accept that they had been
3 signing up schools for at least September of 1999?

4 A. Is that a question? I'm sorry.

5 MR. SEIDEL: I am going to have to object at
6 this point because the witness already indicated
7 that she has never seen the document so it couldn't
8 possibly refresh your her recollection. She
9 previously said she doesn't have a recollection or
10 knowledge of when it started signing up schools, and
11 as of yet I haven't seen where these foundation
12 questions are leading. And they don't appear to be
13 leading anywhere relevant in this case.

14 EXAMINER JONES: Response?

15 MR. LAKSHMANAN: I would -- I was just asking if
16 it does. And if it doesn't refresh her
17 recollection, then that's fine.

18 THE WITNESS: It does not refresh a recollection
19 I didn't have anyway.

20 MR. LAKSHMANAN:

21 Q. Do you know if the IEC -- strike the first
22 part. Do you know if the IEC signed up any schools

1 in Illinois Power Company's territory prior to
2 August 1 of 2000?

3 A. If they signed up schools? What I do know
4 is that we were given a list of schools in the
5 Illinois Power territory the beginning of this year
6 and it would have been because we were asked to
7 profile the load. And at that time CILCO actually
8 attempted to deliver energy to those schools. But
9 with the laborious network application process that
10 we went through with IP which we were not able to
11 complete before summer, the IEC decided not to have
12 us serve the schools and put that on hold. But my
13 assumption would be they were signed up or we would
14 not have been moving forward to serve them.

15 MR. LAKSHMANAN: I would move to strike
16 everything after what I believe to have been the
17 first sentence of that response as non-responsive.

18 EXAMINER JONES: Granted.

19 MR. LAKSHMANAN:

20 Q. The document we have been talking about
21 before the contract, that was the Master Power
22 Purchase and Sale Agreement that I believe is

1 entered into, according to it, on the first day of
2 August, is that correct, of 2000? I'm sorry.

3 A. That's correct.

4 Q. And so if any schools in Illinois Power's
5 territory had been signed up prior to August 1 of
6 2000, those schools would have in fact been signing
7 up without knowing what price they would pay if in
8 fact the agreement to which the power was going to
9 flow under and its pricing had not been signed; is
10 that correct?

11 A. That would be correct.

12 Q. So customers are able to make decisions
13 without having price information; is that correct?

14 MR. ROBERTSON: I don't know what this witness
15 has testified in relation to what customers know or
16 don't know. My recollection of her testimony
17 related to, at least the surrebuttal testimony,
18 related to a meeting she had with Illinois Power,
19 and her prior testimony related to the attempt to
20 arrange that service. I may be wrong. If I am, I
21 will withdraw my objection, but I think the cross is
22 outside the scope of her testimony.

1 MR. SEIDEL: I would join in that objection
2 because Mr. Lakshmanan is asking questions about
3 what IEC does with respect to signing up its
4 customers. IEC is not a RES. It's never been
5 established that they are a RES, that they are
6 arranging for power. CILCO is the one arranging for
7 power, and that's what her testimony is. So I think
8 his question is beyond the scope of her direct
9 testimony insofar as what IEC criteria or
10 information it provides to the schools to sign them
11 up as members and whether it has anything to do with
12 the prices they don't know about.

13 EXAMINER JONES: What time does this witness
14 need to be out of here today?

15 MR. SEIDEL: Four o'clock.

16 EXAMINER JONES: Do you want to continue this
17 argument for awhile or what do you want to do?

18 MS. READ: I would note for the record that,
19 when we agreed to delay our witnesses, we were
20 looking at about a half an hour and I believe
21 Illinois Power's estimate was ten minutes. I want
22 to note that for the record. I've had another

1 request to put another CILCO witness on, and I don't
2 think we are going to be able to agree to it, given
3 the long period this has taken.

4 MR. LAKSHMANAN: That was -- if you could answer
5 that question, that was in fact my last question.
6 And, in fact, if you answer that question, I will
7 have virtually no questions for the other CILCO
8 witness. We can do it here or try to do it again
9 with Ms. Munson.

10 EXAMINER JONES: I certainly don't want to deny
11 any party their rights to object or to address
12 whatever issues they think they need to address, but
13 this is sort of a work-in witness. I think there
14 were certain assumptions in there regarding putting
15 this in sort of out of order for scheduling
16 accommodations, and I guess the parties that are
17 looking out for the witnesses' schedule can read the
18 clock as well as I do. But I think that we need to
19 be mindful of the reasons why this witness is on, if
20 we are really looking to get this witness on and off
21 by the time noted.

22 In any event, I didn't mean to interrupt

1 your arguments back and forth there. We have at
2 least three parties that are involved in the
3 argument on this particular motion. Any response to
4 that, Mr. Lakshmanan?

5 MR. LAKSHMANAN: She has stated that she is
6 familiar with the IEC. She has stated what their
7 practices are. She and CILCO -- and, as I said, if
8 this is an inappropriate witness and Ms. Munson is
9 better, we can do it then. But what I was
10 attempting to demonstrate is that some of the
11 contentions of her company in this docket actually
12 fly in the face of what they are testifying to and
13 what they have done as a business practice.

14 MR. SEIDEL: That was my objection. What
15 contention are you talking about? Any relationship?

16 MR. LAKSHMANAN: I will withdraw the question
17 and I will reserve it for Ms. Munson. We can do it
18 then. If it takes more time then, we will --

19 EXAMINER JONES: All right, the question is
20 withdrawn. Does that conclude your cross
21 examination?

22 MR. LAKSHMANAN: That concludes my cross.

1 EXAMINER JONES: Do other parties have any cross
2 examination questions for this witness? All right,
3 they do not. Is there redirect?

4 MR. SEIDEL: If I could just have a moment. I
5 don't have any as I sit here, but my witness may
6 have thought she wasn't --

7 EXAMINER JONES: How long do you need to check
8 that out?

9 MR. SEIDEL: Two minutes.

10 EXAMINER JONES: We will take a five minute
11 break for that purpose.

12 (Whereupon the hearing was in
13 a short recess.)

14 EXAMINER JONES: Back on the record. Do you
15 have any redirect, Mr. Seidel?

16 MR. SEIDEL: No, Mr. Examiner.

17 EXAMINER JONES: I have a couple of questions
18 for the witness.

19 EXAMINATION

20 BY EXAMINER JONES:

21 Q. Ms. Lancaster, you referred to a contract
22 in response to some questions by Mr. Lakshmanan as

1 well as in your own surrebuttal, page 4. Do you
2 have that in front of you, that contract?

3 A. Yes, sir.

4 Q. What is the actual title of that contract
5 on the front page?

6 A. It's the "Ameren Energy, Inc., on Behalf
7 of Union Electric Company, Ameren Energy Marketing
8 Company, and Ameren Energy Generating Company -
9 Master Power Purchase and Sale Agreement."

10 Q. Thank you. Is there a date on that?

11 A. August 1 of 2000.

12 Q. And then the quote that you were asked
13 about, quote, energy supported by capacity and
14 reserves, end quote, where did that appear?

15 A. That is on the first page of Exhibit A to
16 that agreement and the title of that is "Master
17 Power Purchase and Sales Agreement Confirmation
18 Letter." It is also dated August 1 of 2000.

19 Q. Ms. Lancaster, in your direct testimony
20 and your surrebuttal you discuss adjustments for
21 planning reserves and for capacity-backed energy; is
22 that correct?

1 A. That's correct.

2 Q. Are those separate adjustments you are
3 proposing?

4 A. Yes, they are.

5 Q. And what's the difference?

6 A. The difference between capacity-backed and
7 the difference between reserves, is that what you
8 are asking me, the difference between those two
9 adjustments?

10 Q. Sure.

11 A. Capacity-backed energy is energy that is
12 associated directly to a generating unit. Energy
13 only is the energy produced off that unit or the
14 energy used by equipment and that's measured in watt
15 hours. The capacity is the load-carrying capability
16 of that unit or transmission line or any other
17 electrical equipment, and that's measured in watts,
18 generally in megawatts or kilowatts. The typical
19 trading day that my company experiences trades
20 energy-only product. We are not buying a piece of a
21 generator. And the product we are buying is not
22 naming a generator associated with it. If a company

1 supplies capacity-backed energy, then they are going
2 to designate a certain portion of a generator as the
3 capacity to back that energy up and they are going
4 to charge a premium for that. At my company we see
5 this happen a lot with utilities that are short in
6 the summer for their native load. It helps them not
7 to have to build new generation but yet they are
8 assured of buying a piece, so to speak, or having
9 the first call on a certain amount of that
10 generator. And that is the additional costs I am
11 talking about to capacity-backed energy.

12 The additional cost that I am referring
13 to when I talk about reserves is a 15 percent
14 increase over and above what you would have
15 originally had to have purchased for the peak load,
16 and those reserves are to be capacity-backed. They
17 are to be firm. So it's a 15 percent increase to
18 the RES or whatever party is buying that type of
19 product, and that needs 15 percent on top of it.

20 Q. Now, on page 2 of your surrebuttal -- if
21 it could have been rebuttal, we wouldn't have had a
22 motion -- you refer to the term "designated

1 resource" on lines 21 and lines 30, at least in the
2 version that I have in front of me. Do you see
3 those two references?

4 A. Uh-huh.

5 Q. How do designated resources relate to the
6 situations you just described to us in the previous
7 answer regarding capacity-backed, the need for
8 capacity-backed adjustments and reserve adjustments,
9 if at all?

10 A. A designated resource is what is required
11 in the Ameren and IP territories to serve a
12 non-interruptible retail customer. And the
13 definition of a designated resource is that it must
14 be a resource that is capacity-backed, firm energy,
15 and is carrying reserves. And that definition is
16 out of the glossary of terms under firm energy. And
17 that is what's required in the process with Ameren
18 and IP to obtain network integrated transmission
19 service to deliver to the retail customers.

20 EXAMINER JONES: Thank you. Any follow-up
21 direct or any follow-up cross by anybody? All
22 right, there is not. Thank you, Ms. Lancaster.

1 THE WITNESS: Thank you for letting me move up
2 in the schedule.

3 MR. SEIDEL: Yes, thank you.

4 MR. FEELEY: Mr. Examiner, I talked to the
5 other parties. If we move up one other witness, Mr.
6 Eacret before -- I think Mr. Robertson was going to
7 go next but ComEd is relatively short cross.

8 EXAMINER JONES: Off the record on that
9 question.

10 (Whereupon there was then had an
11 off-the-record discussion.)

12 EXAMINER JONES: Back on the record. It's my
13 understanding there is another witness who is going
14 to sort of testify out of order with some strings
15 attached, and that is Mr. He Eacret, is that right?
16 Mr. Eacret is to go next?

17 MR. FLYNN: Yes, I'm sorry. I was rehearsing my
18 direct so we could go faster.

19 EXAMINER JONES: And he is testifying at this
20 time, I guess, by agreement of the parties but
21 subject to some conditions that may mean he will not
22 finish at this time.

1 (Whereupon the Witness was
 2 duly sworn by Examiner Jones.)
 3 (Whereupon Ameren Exhibits
 4 2.0, 4.0 and 6.0 were marked
 5 for purposes of identification
 6 as of this date.)

7 M A R K E A C R E T

8 called as a Witness on behalf of Ameren Energy
 9 Company, having been first duly sworn, was examined
 10 and testified as follows:

11 DIRECT EXAMINATION

12 BY MR. FLYNN:

13 Q. Would you please state your name and
 14 spell it for the record.

15 A. Mark Eacret, E-A-C-R-E-T.

16 Q. Mr. Eacret, did you prepare direct
 17 testimony in this proceeding consisting of 12 pages
 18 of questions and answers and bearing the caption or
 19 which has been marked as Ameren Exhibit 2.0?

20 A. Yes.

21 Q. Mr. Eacret, did you also prepare rebuttal
 22 testimony which has been marked as Ameren Exhibit

1 4.0?

2 A. Yes.

3 Q. And you have some corrections to that
4 testimony; is that correct?

5 A. Yes.

6 Q. And I will just help you with these to
7 move this along.

8 On page 1 of Exhibit 4 in line 13 should
9 the word "Chrisp" be "Christ."

10 A. Yes.

11 Q. Page 2, line 31, should the reference
12 Exhibit 1 be to Schedule 1?

13 A. Yes.

14 Q. And page 3, line 59, should the -- I'm
15 sorry, page 4, line 82, should the reference Exhibit
16 2 be to Schedule 2?

17 A. Yes.

18 Q. In addition, in response to some comments
19 from the Staff have you prepared a Revised Schedule
20 2 which corrects certain calculations?

21 A. Yes.

22 Q. Could you very briefly discuss what

1 changes you have made?

2 A. In the calculation of an average there is
3 an inappropriate use of an Excel function that
4 included blank space as zeroes when they should have
5 been excluded.

6 Q. Have you also prepared surrebuttal
7 testimony which has been previously marked as Ameren
8 Exhibit 6.0?

9 A. Yes.

10 Q. Which contains a confidential schedule
11 attached thereto?

12 A. Yes.

13 Q. Are all of the exhibits and schedules that
14 we have just identified, are they all true and
15 correct to the best of your knowledge?

16 A. Yes.

17 Q. They were all prepared by you or under
18 your direction and supervision?

19 A. Yes.

20 MR. FLYNN: Mr. Examiner, I would move for the
21 admission into evidence of Ameren Exhibits 2.0, 4.0
22 and 6.0.

1 EXAMINER JONES: Point of clarification, there
2 are schedules attached to which of these exhibits?

3 THE WITNESS: Exhibit 4.0 has three schedules,
4 Schedules 1, 2 and 3. And then there is also a --
5 I'm sorry, Exhibit 4.0 is the rebuttal testimony.
6 And Exhibit 6.0 is the surrebuttal testimony and has
7 one schedule attached.

8 EXAMINER JONES: Now, that schedule is
9 confidential, you say?

10 MR. FLYNN: Yes, it is. It's been provided to
11 the reporter in an envelope.

12 EXAMINER JONES: Just the schedule?

13 MR. FLYNN: Yes. I can do it however you would
14 like.

15 EXAMINER JONES: It will kind of float free if
16 we don't attach it to something or give it its own
17 number. So maybe we ought to attach it to the back
18 of maybe a 6.0P or something, and that way there is
19 context to it.

20 MR. FLYNN: I will do that and provide the
21 reporter with a copy. And the corrections that
22 Mr. Eacret has identified are reflected on the

1 copies provided to the reporter.

2 EXAMINER JONES: So Ameren is given leave to
3 provide a 6.0P which will be identical to 6.0 except
4 that the confidential schedule will be attached to
5 6.0P. It will not be attached to 6.0 which is a
6 public exhibit.

7 MR. FLYNN: We will commit to do that before we
8 finish today, which isn't a great sacrifice.

9 (Whereupon Ameren Exhibit
10 2.0, 4.0 and 6.0 were admitted
11 into evidence.)

12 MR. FLYNN: Mr. Eacret is available for cross
13 examination.

14 EXAMINER JONES: I believe a couple of parties
15 at least have some questions of the witness. Who
16 would like to --

17 MR. FEELEY: I will go first.

18 CROSS EXAMINATION

19 BY MR. FEELEY:

20 Q. Good afternoon, Mr. Eacret. My name is
21 John Feeley and I represent the Staff. All my
22 questions have to deal with your Schedule 2 to your

1 rebuttal testimony.

2 A. Okay.

3 Q. On your Schedule 2 you present three
4 different scenarios, correct? Three scenarios are
5 addressed on your Schedule 2?

6 A. Yes.

7 Q. And the top half of each of the different
8 scenarios is a replication of work done by
9 Mr. Christ, correct?

10 A. Yes.

11 Q. And the bottom half shows your own
12 recalculations assuming two changes in the way
13 Mr. Christ calculated his percent here?

14 A. Are we looking at the corrected version
15 that was admitted or the original version? You are
16 looking at the corrected version.

17 Q. Corrected version still has three
18 scenarios, correct?

19 A. Yes.

20 Q. And just the bottom half shows your
21 recalculations assuming two changes that you made in
22 how Mr. Christ calculated his percent errors?

1 A. Yes.

2 Q. Is the first change that you made to the
3 method of calculating, was that to the additive
4 basis adjustment?

5 A. All of the first correction was to
6 reinstate the significance test on the additive
7 method.

8 Q. And so your first change was to do a
9 significance test, right?

10 A. Well, I don't know -- yeah, the first
11 change was to -- in my original testimony I
12 discussed using a test for significance when
13 calculating basis adjustments. Mr. Christ had
14 calculated some basis adjustments omitting this test
15 for statistical significance. We took Mr. Christ's
16 work and reinstated the test for statistical
17 significance.

18 Q. And with regards to a significance test,
19 if the difference is not statistically different,
20 you set the monthly difference to zero?

21 A. That's correct.

22 Q. And on your schedule you note that by

1 saying significance adjustments made for additive
2 basis method?

3 A. Yes.

4 Q. Did you test the multiplicative basis
5 adjustment for statistical significance?

6 A. No, we did not.

7 Q. So just to restate, Mr. Christ's average
8 percent errors did not include significance
9 adjustments, correct?

10 A. Correct.

11 Q. Another change that you made was you
12 calculated the average of the absolute values of the
13 monthly percent errors instead of just an average of
14 the monthly percent errors?

15 A. That's correct.

16 Q. And this second change or these absolute
17 values that you calculated, that applied to the
18 multiplicative basis adjustment; is that correct?

19 A. Yes, it did.

20 Q. For your average absolute percent errors
21 calculated for additive basis adjustment, again you
22 include that significance adjustment in that

1 calculation?

2 A. No. We tested for significance in order
3 to calculate the basis. Then once the -- it's two
4 separate things we are talking about here, I think.
5 We calculated the basis using the test for
6 statistical significance. If we determined that the
7 basis was statistically insignificant, we inserted
8 in a zero. Then in Mr. Christ's analysis he was
9 trying to determine which was the best method of
10 calculating basis adjustments, the multiplicative or
11 the additive method. In order to determine which
12 was the best method, we looked at the absolute error
13 between the calculated number for a given month or
14 the calculated price and what our formula, be it
15 additive or multiplicative, returned.

16 Q. But when you did the absolute percent
17 errors calculation, prior to that stuff you had done
18 a significance test, correct?

19 A. Yeah, in calculating the basis
20 adjustments, yes.

21 Q. So would you agree that the average
22 percent errors calculated by you for the additive

1 basis adjustment, that combines the effect of a
2 significance adjustment and the calculation of
3 average absolute percent errors?

4 A. I'm sorry, could you say that again?

5 Q. Okay. Your average percent errors
6 combines doing a significance test and an absolute,
7 an average absolute percent errors calculation?

8 A. It combines the test for statistical
9 significance in the basis, in the calculation of the
10 basis adjustments. Then the basis adjustments were
11 used to calculate a price for that month. That
12 price was compared to the actual price for that
13 month and the absolute value of the difference for
14 each month was then averaged.

15 Q. Now, with regards to the additive basis
16 adjustment, do you agree that you did not
17 demonstrate that the significance adjustments,
18 independent of your absolute errors calculation, did
19 or did not improve the estimate for forward prices?

20 A. What we found, if I understand the
21 question, what we found was that, prior to making
22 those two adjustments we talked about, the test for

1 statistical significance and the way that the
2 absolute -- the way that the percent errors were
3 averaged, the multiplicative method ended up showing
4 in most cases being best as it was defined in
5 Mr. Christ's testimony, being the best calculation
6 of locational basis or basis adjustment. When we
7 made those two corrections, we found that the
8 additive basis became slightly better.

9 Q. And you reached your conclusion that it
10 was slightly better by doing both the significance
11 test and the absolute errors?

12 A. We combined both in one calculation, yes.

13 MR. FEELEY: That's all I have, thank you.

14 CROSS EXAMINATION

15 BY MR. FEIN:

16 Q. Hello, Mr. Eacret. David Fein on behalf
17 of NewEnergy. If you could turn to page 5 of your
18 rebuttal testimony, please?

19 A. Okay. This is the one that starts "Unicom
20 Energy witness"?

21 Q. Yes, sir. Do you disagree that the Into
22 ComEd market is the most liquid in Illinois?

1 A. No, I do not.

2 Q. If experience over the next year
3 demonstrates that the Into ComEd hub is a viable
4 mechanism for determining market value throughout
5 Illinois, would Ameren agree to amend its tariff and
6 methodology accordingly?

7 A. We would always be open to any change in
8 methodology which would result in a more usable
9 answer.

10 Q. I believe you state in your rebuttal
11 testimony on page 7 that the company agrees in
12 principle with the concept of including an
13 adjustment in market value due to load uncertainty;
14 is that correct?

15 A. Yes.

16 Q. Now, did you or anyone on behalf of the
17 company ask Mr. Kagan for the basis for his proposal
18 to recognize a reduction in the value of the option
19 under the so-called Blacks Model?

20 A. No.

21 Q. Are you aware of any other models to
22 reflect adjustments in market value due to load

1 uncertainty?

2 A. There are, I'm sure, several consultants
3 out there that have calculated such. I just this
4 past week read one written by Dragana Pilopovic from
5 Sava Enterprises.

6 Q. And I am not going to ask you how to spell
7 that. Are you familiar with a so-called method, the
8 Monte Carlo Method?

9 A. I am aware of what a Monte Carlo
10 simulation is. I have never seen one applied to
11 calculating an adder for optionality.

12 Q. So would you be able to describe what you
13 understand that method to be?

14 A. Monte Carlo simulation is where you
15 take -- you have a model with several variables in
16 it. And rather than fixing the values for those
17 variables, they are given a distribution that can --
18 the distribution can take on any of several forms,
19 and then you run many, many iterations of that model
20 allowing that variable to move within that
21 distribution.

22 MR. FEIN: Nothing further. I would note for

1 the record that was under two minutes.

2 MR. FLYNN: I would note that everyone is
3 really scared of Sarah. Nobody ran over.

4 MS. READ: I take that as a compliment.

5 MR. FLYNN: No redirect.

6 EXAMINER JONES: Does anyone else have cross of
7 this witness? They do not. I have a couple of
8 quick questions for you, sir.

9 THE WITNESS: Sure.

10 EXAMINATION

11 BY EXAMINER JONES:

12 Q. Could you refer to page 3 of your
13 rebuttal, please?

14 A. Yes.

15 Q. You discuss two revisions on line 64
16 through -- or, I'm sorry, 60 through 64, is that
17 correct, if we are looking at the same lines?

18 A. Yes, yes.

19 Q. And you were asked some questions about
20 that today, as a matter of fact; is that also true?

21 A. Yes.

22 Q. Now, regarding the calculation for

1 statistical significance, what was the purpose of
2 making that calculation?

3 A. Our concern was that, when comparing Into
4 Cinergy prices with Into Southern MAIN prices, there
5 were gaps in the Southern MAIN data. A Southern
6 MAIN price was reported for each day. You also have
7 the possibility that huge price spikes as we saw in
8 the summer of '97, '98 and '99 could produce daily
9 basis differentials that were extremely large
10 relative to the other 20 or so days in the month.

11 And so the concern was how do we judge
12 when one of these price spikes has become so large
13 that it distorts our answer or how do we judge when
14 we have had enough holes in the data that it hasn't
15 distorted our answer. And we wanted something
16 objective so that every time we looked at it, we
17 wouldn't have to do it on an ad hoc basis. So we
18 settled on using the test for statistical
19 significance as an objective way of doing that.

20 Q. Now, did the second revision involve
21 averaging the absolute value of monthly percent
22 error estimates?

1 A. Yes.

2 Q. What was the purpose of that adjustment?

3 A. Our concern was that this was a subjective
4 exercise to try to determine what we thought was the
5 best method of calculating basis adjustment, best
6 being in quotation marks everywhere we used it, I
7 think.

8 The way that it was done originally, and
9 I think I mentioned this in my testimony, you could
10 have almost a sign wave type of spread of prices
11 where one day it's an extremely positive number, the
12 next day it's an extremely negative number. But
13 over the course of, say, a month you could end up
14 with an average difference of zero. Whereas if you
15 had a number that was maybe one percent off each
16 day, that would look inferior or not best when
17 compared to the sign wave approach. And we didn't
18 think that that gave us a satisfactory answer.

19 Q. Lastly, on page 4 of your rebuttal you
20 state in part, line 88 through 90, "However, if
21 other parties were more comfortable with the
22 multiplicative method, Ameren would be willing to

1 adopt such a method in the interest of consistency."

2 Now, did you make some adjustments to the
3 multiplicative method that Staff offered?

4 A. The only thing we did was to change the
5 averaging from -- averaging the actual value to
6 averaging the absolute value so it was consistent
7 with the way the additive method was done.

8 Q. So when you state that Ameren would be
9 willing to adopt such a method, which method are you
10 referring to?

11 A. The differences between the two methods
12 are minor for the most part. And so we would be
13 willing to adopt either the bulk of what the other
14 parties were comfortable with. If that's
15 multiplicative, then we would be willing to adopt
16 that.

17 EXAMINER JONES: That's the only questions I
18 had. Any follow-up? Anybody else?

19 MR. FEELEY: No.

20 MR. FLYNN: No.

21 EXAMINER JONES: All right. There is nothing.
22 Thank you, sir. Off the record.

1 (Whereupon there was then had
 2 an off-the-record discussion.)
 3 (Whereupon Ameren Exhibit 6.0P
 4 was marked for purposes of
 5 identification as of this date
 6 and admitted into evidence.)

7 EXAMINER JONES: Let's go ahead and resume.
 8 Mr. Crumrine and Mr. Nichols are back on the stand
 9 and I believe we are ready for the cross examination
 10 by Mr. Robertson.

11 MR. ROBERTSON: Thank you.

12 P A U L C R U M R I N E

13 D A V I D N I C H O L S

14 recalled as witnesses on behalf of Commonwealth
 15 Edison Company, having been previously duly sworn,
 16 were examined and testified as follows:

17 CROSS EXAMINATION

18 BY MR. ROBERTSON:

19 Q. Still afternoon. Good afternoon,
 20 Mr. Crumrine and Mr. Nichols.

21 A. (Mr. Crumrine) Good afternoon.

22 A. (Mr. Nichols) Good afternoon.

1 Q. It's my understanding that Commonwealth
2 Edison was unable to provide the screen prints used
3 for the 20 snapshots for Period A and B because the
4 material was considered commercially sensitive and
5 ComEd was not authorized to distribute that
6 material; is that correct?

7 A. (Mr. Nichols) I think that's a reasonable
8 representation.

9 Q. Is the same -- and it's my understanding
10 the same is true with regard to the provision of the
11 daily market values for each of the contract months
12 during the 20 snapshot observations for Period A and
13 B; is that correct?

14 A. (Mr. Nichols) I didn't quite understand
15 that. I'm not sure.

16 Q. Well, let me tell you what I am trying to
17 do and maybe this will move a little along. I want
18 to establish the fact that Commonwealth Edison was
19 not able to provide some of this information that is
20 unique to Altrade/Bloomberg because it was
21 commercially sensitive to Altrade and Bloomberg.

22 MS. READ: Do you want to go off the record for

1 a minute?

2 MR. ROBERTSON: I am just going to ask them
3 whether they were able to provide it. Sure, go off
4 the record.

5 MS. READ: Could we go off the record a minute?

6 EXAMINER JONES: Off the record.

7 (Whereupon there was then had
8 an off-the-record discussion.)

9 EXAMINER JONES: Back on the record. There was
10 an off-the-record discussion regarding this
11 particular line of questioning. I think we are
12 ready to resume.

13 MR. ROBERTSON:

14 Q. Do you have a copy of the data request,
15 IIEC's first data request, April 17, 2000? I can
16 show you one if I may approach. Let me give the
17 witness all of these that I am going to refer to, to
18 save me walking back and forth.

19 MS. READ: Give me the numbers.

20 MR. ROBERTSON: One, two and four.

21 MS. READ: Of the first?

22 MR. ROBERTSON: Of the first.

1 MS. READ: The ones dated April 10?

2 MR. ROBERTSON: April 10 and April 17.

3 Q. Am I correct that ComEd was unable to
4 provide the daily market values for each of the
5 contract months during the 20 snapshot observations
6 for Period A because it was commercially sensitive
7 and ComEd was not able to provide it?

8 A. (Mr. Nichols) I think it's correct that
9 we were not able to copy it and distribute it, as
10 our data response says.

11 Q. And the data response -- in fact, if you
12 look at all three data responses, some of them say
13 that the material will be made available to the
14 Staff for audit; is that correct?

15 A. (Mr. Nichols) The data response says
16 that, yeah.

17 Q. And none of them say that the data will be
18 made available to customers or to IIEC in
19 particular; is that correct?

20 A. (Mr. Nichols) The data response that is
21 stated here does not say that.

22 Q. Thank you. Now, is it true that ComEd

1 indicated that it was unable to provide the size of
2 each of the actual transactions observed for Period
3 A to IIEC because it was commercially sensitive and
4 it was not available for -- ComEd was not able to
5 provide the information?

6 A. (Mr. Nichols) Data Request Number 4
7 basically asked that and it does say that we were
8 not able to -- again, unauthorized to distribute it.
9 It also said that it is subject to audit by the
10 Illinois Commerce Commission.

11 MR. ROBERTSON: I would like to put in IIEC
12 Cross Exhibit Number 1 which is the Company's
13 response to IIEC's first data request dated April
14 17, 2000, Item Number 6. And I can read the
15 question, right? That's not confidential?

16 MS. READ: The question is not confidential.
17 Doesn't it say that? Did you mark it as
18 proprietary?

19 MR. ROBERTSON: I think I will make it
20 proprietary, 1P.

21 (Whereupon IIEC Cross Exhibit
22 1P was marked for purposes of

1 identification as of this
2 date.)

3 MR. LAKSHMANAN: May I just make it clear for
4 the record how proprietary that is so we will know
5 if we are allowed to see it or not.

6 MS. READ: Anyone who signed the
7 confidentiality agreement.

8 MR. ROBERTSON:

9 Q. And the question for the record was,
10 "Please provide the number of missing observations,
11 (i.e. either actual transactions or paired bid and
12 ask prices.)" And that is marked as confidential
13 and proprietary, subject to a confidentiality
14 agreement.

15 Now, Mr. Nichols, am I correct that you
16 discussed the hierarchy for use of Altrade and
17 Bloomberg data in the ComEd methodology in your
18 direct testimony, pages 5 and 6?

19 A. (Mr. Nichols) I would say I would have
20 to go back. Yes.

21 Q. And by your direct testimony I mean
22 Exhibit Number 6, by the way, for the record, ComEd

1 Exhibit Number 6. Now, it's my understanding that
2 there was a logic to the establishment of that
3 hierarchy; is that correct?

4 A. (Mr. Nichols) I think hierarchy by its
5 nature has an implied logic to it.

6 Q. And implicit within the logic for the
7 hierarchy was the assumption or belief that actual
8 transactions were better for use or for the purpose
9 of establishing market value than bid and offers; is
10 that correct?

11 A. (Mr. Nichols) The hierarchy states that
12 there is a preference for the actual transactions.
13 I think that was in reference as much to discussions
14 in the workshops prior to that in terms of people's
15 preferences than to any actual determination that
16 they were better than bids and offers.

17 Q. And ComEd agreed with that; is that
18 correct?

19 A. (Mr. Nichols) ComEd filed our testimony
20 stating that we could set up a hierarchy that would
21 give preference to transactions.

22 Q. Mr. Crumrine, do you agree or disagree

1 that it is difficult to argue the preference for
2 actual transaction data in general in the context of
3 a market index methodology?

4 MS. READ: Can I ask that that question be read
5 back, please.

6 (Whereupon the requested
7 portion was then read back by
8 the Reporter.)

9 MS. READ: I would state that our rules agreed
10 earlier in this proceeding for addressing questions
11 to the panel was, where the panel had given
12 testimony, the questions would be addressed to the
13 panel generally, either one could respond. I do
14 realize my witnesses have individual original
15 direct. If this relates to his individual original
16 direct --

17 MR. ROBERTSON: No, it does not.

18 MS. READ: I did not think so.

19 MR. ROBERTSON:

20 Q. Either one or both, do you both agree
21 with that statement?

22 A. (Mr. Crumrine) I think it depends

1 entirely upon the type of transaction data that you
2 are talking about.

3 Q. Do you agree that at page 9, lines 75
4 through 76, of ComEd Exhibit 8, your joint testimony
5 in this proceeding, you both testify, "Although it
6 is difficult to argue the preference for actual
7 transaction data in general, it is unwise to discard
8 other valid measurements of market value in the
9 manner proposed by Illinois Power"?

10 A. (Mr. Crumrine) I'm sorry, sir. You moved
11 a little too quickly. The page number again?

12 Q. As long as the reporter got the question,
13 I will tell you where the citation was. The
14 citation is at page 9, line 75 through 76,
15 Commonwealth Edison Exhibit 8, your joint direct
16 testimony in the consolidated proceeding.

17 A. (Mr. Crumrine) In that context, in that
18 paragraph within the context of the Q and A that
19 surrounds it, yes, I agree with that statement. We
20 certainly made that statement.

21 Q. Is it difficult to argue the preference
22 for actual transmission data in relation to the

1 Ameren methodology?

2 A. (Mr. Nichols) I think, insomuch as the
3 Ameren methodology and the ComEd methodology are
4 very, very close, the answer would be virtually the
5 same.

6 Q. Which is, yes, it is easy to argue or,
7 yes, it is difficult to argue?

8 A. (Mr. Nichols) Actually, it's very easy
9 to argue because we have proven that it is very easy
10 to argue but it is very difficult to, I think, win
11 the argument.

12 Q. Do you agree -- Illinois Power's
13 methodology uses the Altrade/Bloomberg; does it not?

14 A. (Mr. Nichols) I believe so. I read --

15 MS. READ: Your Honor, if there are too many
16 more questions on this line, my clients are not
17 offered as witnesses on the Ameren and Illinois
18 Power methodologies generally.

19 MR. ROBERTSON: Well, wait a minute. That's
20 the whole purpose of the testimony here. Their
21 testimony is presented to ComEd in the consolidated
22 docket on the proposals made by Ameren and Illinois

1 Power. Now, if that's not correct, then their
2 testimony shouldn't be in here.

3 MS. READ: Were you asking them about -- first
4 of all, I object to that characterization. Their
5 testimony is to support the ComEd methodology. And
6 where they have a specific criticism or issue on the
7 Illinois Power or Ameren methodology, they address
8 that. To generally be asked as to the purpose of
9 the Ameren or IP methodology, I think, is beyond the
10 scope. If you wanted to tighten your question to
11 something on this page, that's fine.

12 MR. ROBERTSON: No, I don't want to tighten my
13 question. The purpose of the testimony at lines 6
14 through 10 in the first question and answer on page
15 2 among other things is to explain why the market
16 index methodologies proposed by Ameren Companies and
17 Illinois Power are each superior to the NFF
18 methodology that they seek to replace and "we will
19 comment on specific aspects of those methodologies."
20 Now, if the witnesses don't understand them or
21 didn't read them, then this testimony shouldn't be
22 in here.

1 MS. READ: With that cite back to their
2 testimony, I will withdraw my objection, if that's
3 what your question relates to.

4 MR. ROBERTSON: My question always related to
5 their testimony. I gave them the cite. Nevermind.

6 Q. Do you agree that it is difficult to
7 argue the preference for actual transaction data in
8 general in any of the methodologies that have been
9 presented in this case?

10 A. (Mr. Nichols) I think it --

11 Q. Go ahead, I'm sorry.

12 A. I think it goes back to almost my other
13 comment that -- your reason that we found it hard
14 to, difficult to agree or disagree that the
15 transactions would have preference is because the
16 other people's positions on it, you know, versus our
17 own.

18 Q. Maybe I am mischaracterizing your
19 testimony here at line 75 through 81, but what you
20 are really talking about here is IP's use of -- the
21 potential for the use of a single transaction, isn't
22 that correct, as opposed to multiple transactions or

1 bid and offers; isn't that correct?

2 A. (Mr. Nichols) Yes.

3 Q. All right. And, therefore, in that
4 context when you say it's difficult to argue the
5 preference for actual transaction data in general,
6 you are talking about in a much broader scope than
7 in just the context of the IP methodology; are you
8 not?

9 A. (Mr. Nichols) I think we are also
10 looking in the scope of ours where we have the
11 hierarchy that sets a preference.

12 Q. I don't think you quite answered my
13 question. I wasn't asking you about your
14 methodology in particular. I was asking you about
15 how to understand the statement you have made here,
16 and I have asked you whether or not my
17 characterization is correct. You are speaking, in
18 the context of your testimony here, you and
19 Mr. Crumrine are speaking of the use of
20 transactional information in general as opposed to
21 otherwise?

22 MS. READ: Your Honor, I'm going to object to

1 this. Counsel has taken an introductory clause,
2 ignored the remainder of the sentence, and is trying
3 to argue with the witness over what it means. And
4 the witness just explained what the reference in
5 general meant. He said it referred back to the
6 discussion previously in the answer in testimony on
7 the ComEd methodology. And I think that's
8 unnecessarily argumentative.

9 MR. ROBERTSON: I am really not trying to be
10 argumentative. But first I was told that they
11 didn't address the issue, but they did. And now I
12 am asking them about the meaning of specific
13 language in a paragraph in their testimony, and I
14 really didn't ask about the Commonwealth Edison
15 methodology. I would like to know if my
16 understanding is correct.

17 Q. In the context of this paragraph
18 when you use the phrase "difficult to argue the
19 preference for actual transaction data in general,"
20 you meant that in the context of a universal
21 statement; did you not?

22 MS. READ: I would like the question and answer

1 to be read back. I think you will see it was asked
2 and answered.

3 (Whereupon the requested
4 portion was then read back by
5 the Reporter.)

6 MR. ROBERTSON: Okay, I will withdraw the
7 question; ask a different question.

8 Q. So it's correct then that you are
9 using this phrase in a much broader context than
10 just the IP methodology; is that correct?

11 A. (Mr. Nichols) I think in this part of the
12 testimony we were addressing the IP methodology.

13 A. (Mr. Crumrine) And the broader context
14 was with relationship to its relationship to the
15 ComEd hierarchy that it proposed.

16 Q. And you go on here to say, and I think I
17 quoted this part of the sentence to you, "It is
18 unwise to disregard other valid measurements of
19 market value," right?

20 A. (Mr. Crumrine) In the manner proposed by
21 Illinois Power. So it's just Illinois Power's
22 proposal in the context of our proposal.

1 Q. So what you said is, while you find it
2 generally difficult to argue with the use of
3 transactional data, one should not ignore the
4 availability of other measures of the market value;
5 is that correct?

6 A. (Mr. Crumrine) Other valid measurements,
7 yes.

8 Q. Now, in the establishment of your logic or
9 your hierarchy which has the implicit logic in it,
10 was there a reason -- it's my understanding that you
11 picked an afternoon snapshot over a morning
12 snapshot; is that correct?

13 A. (Mr. Nichols) That's correct.

14 Q. What was the -- I hate to use the word
15 logic twice -- but what was the reason for that?
16 Was there some reason why that was preferable?

17 A. (Mr. Nichols) I think stepping back we
18 had -- the top reference was the weighted average
19 that was supplied which would be kind of a
20 combination of everything during the course of the
21 day. And then in choosing afternoon over morning, I
22 mean, we had five other options and something had to

1 go up next. And the only logic to the afternoon was
2 it may be more representative. But there was no
3 clear cut demarcation between the two.

4 Q. Now, were there any other elements of the
5 hierarchy that were based on the preference for one
6 element of it over another? In other words,
7 anything else similar to the morning over the
8 afternoon or the afternoon over the morning?

9 A. (Mr. Nichols) I don't know. Like I say,
10 the hierarchy had the weighted averages being the
11 highest part, so that has preference over either
12 afternoon or morning.

13 Q. Weighted average of what?

14 A. Many times you will have a snapshot and
15 they will have the weighted average transactions for
16 the day.

17 Q. So all -- is it safe to say that all the
18 elements of the hierarchy were based at least in
19 part on the assumption that, I think as you said in
20 relation to the morning and the afternoon, that
21 there was a general belief that the afternoon
22 snapshots might provide better information?

1 A. (Mr. Nichols) It would have provided the
2 most recent because it was later.

3 Q. And that played part of the -- that was
4 part of the thinking in developing the hierarchy; is
5 that correct?

6 A. (Mr. Nichols) That would be a portion of
7 it.

8 Q. And that would be true in relation to the
9 use of actual transactions versus bid and offers;
10 isn't that correct?

11 A. (Mr. Nichols) I wasn't in the
12 relationship here.

13 Q. Well, in the hierarchy it's my
14 understanding that the actual transactions are
15 higher in the hierarchy?

16 A. (Mr. Nichols) Yes.

17 Q. Than bid and offers?

18 A. (Mr. Nichols) yes, they are.

19 Q. And I assume that was at least in part
20 because it was believed that the actual transactions
21 gave a better piece of information?

22 A. (Mr. Nichols) I would characterize it

1 that there was a lot of interest, people's
2 positions, that they wanted to use transactions.
3 And so we provided transactions as having a
4 preference in the hierarchy.

5 Q. Now, when you say people, are you talking
6 about people within Commonwealth Edison?

7 A. (Mr. Nichols) I am really referring to
8 workshops that were conducted.

9 Q. Now, isn't it true that in the context of
10 those workshops Commonwealth Edison actually came in
11 with a proposal that it presented to the parties?

12 A. (Mr. Crumrine) Proposal for what?

13 Q. Market value index?

14 A. (Mr. Nichols) I think we had a straw man
15 proposal.

16 Q. And that had a hierarchy?

17 A. (Mr. Nichols) I don't believe it had a
18 hierarchy at that time.

19 Q. Okay. Let's go onto something else. Is
20 it correct that the Altrade began its electronic
21 trading system Into ComEd in mid-October of 1999?

22 A. (Mr. Nichols) I thought it was November

1 but it's --

2 Q. Will you accept subject to check that in
3 your response to Data Request Number 9, Commonwealth
4 Edison's response to Data Request Number 9, dated
5 April 17 to IIEC that it was indicated mid-October?

6 A. (Mr. Nichols) Subject to check, that's
7 fine.

8 Q. All right. And just would you also accept
9 subject to check that in that same data response it
10 was indicated that Bloomberg began Into ComEd in
11 early February of 2000?

12 MS. READ: Eric, do you want to give me the
13 cite again?

14 MR. ROBERTSON: IIEC's first data request,
15 April 17, Item Number 9.

16 MS. READ: Okay.

17 MR. ROBERTSON:

18 Q. Is that right? Do you agree with that,
19 Mr. Nichols?

20 A. (Mr. Nichols) I really don't recall the
21 data request but it doesn't --

22 MS. READ: I can show him a copy. I'm closer.

1 MR. ROBERTSON: All right.

2 MR. NICHOLS: A. It does say that it started
3 the end of February of 2000.

4 MR. ROBERTSON:

5 Q. Is it correct that as of April 17, 2000,
6 Commonwealth Edison was unable to provide IIEC with
7 the number of megawatts, the number of megawatt
8 hours, into Commonwealth Edison by Altrade and
9 Bloomberg because the information was commercially
10 sensitive to Altrade and Bloomberg, and ComEd was
11 prohibited from doing so?

12 A. (Mr. Nichols) Is that one of the data
13 requests here?

14 Q. It's Number 10?

15 A. (Mr. Crumrine) We don't have 10.

16 A. (Mr. Nichols) We don't have 10.

17 Q. Is that correct?

18 MS. READ: Could we have the question read
19 back, please?

20 MR. ROBERTSON:

21 Q. I have got another question about the same
22 paragraph if you want.

1 A. (Mr. Crumrine) The first sentence is in
2 reference to another data request. Yes, in that
3 answer in effect we say that we were prohibited
4 because it was confidential, commercially sensitive,
5 and we are not authorized to distribute it.

6 Q. And in addition in that particular one, in
7 addition to stating that ComEd said it, it didn't
8 really have the ability to do that anyway; isn't
9 that correct?

10 A. (Mr. Nichols) ComEd stated that we did
11 not have snapshots during some of that time period,
12 yeah.

13 Q. What time period did it ask for?

14 A. (Mr. Nichols) Since the inception of the
15 internet ComEd hub.

16 Q. By the way, would you agree with me that
17 the Illinois Industrial Energy Consumers who are in
18 this case are the only customer group who have
19 intervened and participated in this case , if you
20 know? Or do you know of any others besides us?

21 A. (Mr. Crumrine) Do you really want to talk
22 about customers versus retail customers?

1 Q. No. How about the only retail customer
2 group?

3 A. (Mr. Crumrine) End-use customers,
4 absolutely, I agree.

5 Q. No, I don't want to get into that. Now,
6 is it correct that only those entities who have paid
7 the Altrade/Bloomberg fees or joined the
8 Altrade/Bloomberg markets as participants can
9 independently verify the observations contained in
10 the 20 snapshot days?

11 A. (Mr. Nichols) I do not really know what
12 the restrictions are. You would have to be
13 permitted by Altrade and Bloomberg. But other than
14 that, I don't know the details of what would be
15 required.

16 Q. In the context of the ComEd methodology
17 you used information from PJM; is that correct?

18 A. (Mr. Nichols) We gathered PJM from their
19 web site, yes.

20 Q. That was my question. That information is
21 publicly available, isn't it?

22 A. (Mr. Nichols) Yes, it is.

1 Q. So I could get it right now and it
2 wouldn't cost me anything, correct?

3 A. (Mr. Crumrine) Just the use of the
4 internet server.

5 Q. So to answer my question just to make the
6 record clear, Mr. Crumrine, the answer is yes as
7 long as I used an internet server?

8 A. (Mr. Crumrine) Yes.

9 Q. And did you gentlemen play a part in the
10 decision to use the Altrade/Bloomberg electronic
11 trading systems for use in developing the market
12 value?

13 A. (Mr. Nichols) I would say I played a
14 part.

15 Q. Mr. Crumrine?

16 A. (Mr. Crumrine) I was brought in more at
17 the point of rate design.

18 Q. Okay. Then, Mr. Nichols, what part did
19 you play in the decision to do that? Were you a
20 participant in the review of the alternatives, other
21 than Altrade and Bloomberg?

22 A. (Mr. Nichols) It was basically a team

1 looking at how to set up a possible system, and we
2 would look at the options available and, you know,
3 that was recommended, and basically chosen to go
4 with those systems as being the most viable.

5 Q. All right. In the context of looking at
6 those systems did the team give consideration to
7 whether end-use retail customers would have access
8 to the data?

9 A. (Mr. Nichols) At that time it was not a
10 criteria that was used.

11 Q. Based on your knowledge of the
12 Altrade/Bloomberg system, is it correct or am I
13 correct in understanding that historical data for
14 bid and offers is not available from Altrade?

15 A. (Mr. Nichols) That is my understanding.

16 Q. I guess this is a rate design question,
17 Mr. Crumrine. Is it true that at a certain time in
18 the month of April 2000 prior to the effective date
19 of Commonwealth Edison's PPO MVI, customers were no
20 longer permitted to apply for service under
21 Commonwealth Edison's PPO NFF?

22 A. (Mr. Crumrine) Could I have it read back,

1 please?

2 (Whereupon the requested
3 portion was then read back by
4 the Reporter.)

5 A. (Mr. Crumrine) No, I don't believe that's
6 true.

7 Q. Okay. Do you recollect whether or not,
8 based on the timing of the actions that need to be
9 taken by the customer, that sometime near the end of
10 April 2000 it would have been impossible for a new
11 customer to apply for a PPO NFF because there was no
12 longer sufficient time for him to do so after filing
13 the DASR and taking the other steps that would have
14 been necessary? Before you answer the question,
15 rather than -- I just found it myself. Maybe I
16 better let you look at this data response so we
17 don't get cross purposes, okay.

18 MS. READ: Could you give me a number?

19 MR. ROBERTSON: Forty.

20 A. (Mr. Crumrine) The reason we may be
21 talking cross purposes is because this data request
22 was written in response to the circumstances as they

1 existed on April 17 when this was responded to. If
2 you may recall, the Commission's order modified the
3 effective date, the last effective date, at which
4 customers could choose the NFF, and that was a
5 change and modification that was accepted by
6 Commonwealth Edison.

7 Q. Okay, I didn't recall that but that's why
8 I wanted to give you the data request before you and
9 I got into an argument about what was correct. So
10 it's your recollection that the Commission
11 eliminated that as a problem?

12 A. (Mr. Crumrine) Is dramatically reduced it
13 as a problem because it allowed customers -- it had
14 modified ComEd's initial proposal that said that no
15 new customers would have been permitted on the NFF
16 as of the effective date of the market index which
17 was proposed to be May 1. It moved that date back
18 30 days so that it would be May 31, so that there
19 were -- there was a greater possibility during the
20 month of May for customers to submit DASRs and
21 accept service under the NFF regime.

22 Q. Now, for customers who had their meter

1 read date very late in the month of April, they
2 would still have a problem; would they not? The
3 reason I am asking, let me -- because in your
4 statement you said it drastically reduced the
5 problem, and I take it it didn't eliminate it
6 altogether; is that correct?

7 A. (Mr. Crumrine) I would not characterize
8 it as having eliminated it altogether. And actually
9 the customer whose reading dates are late in April
10 are the customers who are most likely to have been
11 accommodated there because they would also have
12 reading days late in May which would still have
13 allowed them time to get on before May 31. The
14 customers for whom it was more difficult from a
15 timing standpoint were actually the ones whose
16 reading days would be early in April or
17 correspondingly early in May.

18 Q. Thank you. Now, Mr. Crumrine, if I could
19 direct you to Commonwealth Edison Exhibit Number 7,
20 your direct testimony?

21 A. (Mr. Crumrine) Is this the testimony from
22 March 31 that is to be submitted, my individual

1 direct?

2 Q. Your individual direct, and I think it was
3 marked as Exhibit Number 7, if I am correct then. I
4 know Ms. Read will correct me if I am incorrect.

5 A. (Mr. Crumrine) I have it.

6 Q. Well, I don't have it. Would you do me a
7 favor? Read me page 16, lines 2 to 4. You have got
8 a phrase there that says "ComEd clearly understands
9 that." Would you read the rest of that sentence for
10 me?

11 MS. READ: This is --

12 MR. ROBERTSON: Page 16, lines 2 to 4.

13 MS. READ: Of Exhibit 7?

14 MR. ROBERTSON: Yeah.

15 MS. READ: Okay. I found it.

16 MR. CRUMRINE: A. The sentence reads, "ComEd
17 clearly understands that a customer should not be
18 caught in a timing issue at the very moment of
19 transition."

20 MR. ROBERTSON:

21 Q. All right. Now, when you put that
22 sentence in there, what was it you were talking

1 about and what specifically did you have in mind?

2 A. (Mr. Crumrine) It was specifically in the
3 context of the entire question and answer that
4 started back on page 15 of the testimony in which a
5 customer at the time this was written -- and again
6 this was before the Commission modified the start
7 date for the last day to take NFF service -- but at
8 that point in time we were acknowledging that there
9 was the possibility that customers could have given,
10 already given notice, to go on PPO, ComEd could have
11 already submitted the DASR on their behalf, and had
12 they found out that their choice was going to be the
13 market index, they might not want to make that
14 choice. And that, as the next sentence after the
15 one I read said, "Consequently, ComEd will work
16 closely with its customers to preclude such
17 situations or rectify them if necessary by
18 rescinding the DASR prior to the start of the
19 contract." And I could have quoted that but that
20 was back on page 15.

21 So basically we were saying we would work
22 with customers to rescind a DASR if they were caught

1 in a situation where they thought they were going to
2 get the NFF, they were only going to get the market
3 index, and it turns out they did not want the market
4 index.

5 Q. Now, you have reviewed the Ameren and the
6 IP proposals in this case; is that correct?

7 A. Yes.

8 Q. Do you believe that or do you have an
9 opinion based on that review whether or not --
10 strike that. Would you agree that the Commission
11 should be concerned about the time period in which
12 customers have to make the decision about whether to
13 take delivery service or the PPO option generally?

14 A. (Mr. Crumrine) In the general sense I
15 think certainly the Commission has an interest in
16 that. But we have to recognize that the delivery
17 services have been available for awhile, will soon
18 be available to all non-residential customers.
19 There has been a significant amount of communication
20 going on around that. I am not sure how specific
21 those concerns need to be in general at this point.

22 Q. Would you agree that we are still in the

1 transition period for all of this?

2 A. (Mr. Crumrine) Yes.

3 Q. So could this be considered as a long
4 moment but one of the moments of transition as we
5 move through this process?

6 A. (Mr. Crumrine) What is "this" now?

7 Q. This change in the market value index, the
8 phasing in of customer's rights to choose, the
9 certification of alternative suppliers. I call this
10 a moment, if you will, through the end of the
11 phase-in period which I understand, at least for the
12 residentials, will be sometime next year.

13 A. (Mr. Crumrine) Well, the residentials
14 aren't until 2002. But I think in general I would
15 agree with your statement that there are multiple
16 moments that are passing in this time of transition.

17 Q. Except for the ones here today.

18 A. Some pass faster than others.

19 Q. All right. Mr. Nichols -- oh, wait a
20 minute, I think I have got another question before I
21 leave here.

22 Now, Mr. Crumrine, on page 5, lines 19 to

1 21 of your direct from March 31, 2000, ComEd Exhibit
2 Number 7, you state market indices for electricity
3 are desirable for use in determination of MVCs
4 because they are available published prices that can
5 be tracked and analyzed over time; is that correct?

6 A. (Mr. Crumrine) The first word is actually
7 Bs referring to Altrade and Bloomberg and Power
8 Markets Week. But the rest of the sentence was read
9 correctly, yes.

10 Q. That's what I understood but I didn't say
11 it, thank you. Okay, you can put your direct away.
12 I am all done with it, except Mr. Nichols' direct.

13 I would like to talk to you about the
14 procedure for obtaining the screen prints, if I
15 could, Mr. Nichols. And I understand that you
16 attached a description also to your joint rebuttal
17 testimony, gentlemen, I think.

18 A. (Mr. Crumrine) That's correct. It's
19 Attachment A.

20 Q. And I have to beg your indulgence because
21 I think you have changed some of the procedures. So
22 if I misstate something, I am sure you will point it

1 out. In your direct testimony, Mr. Nichols, at page
2 5, lines 19 and 22, I believe among other things you
3 talk about a reasonable flexibility for gathering a
4 maximum of data points. Do you see that?

5 A. (Mr. Nichols) Reasonable flexibility,
6 okay. Okay, that's 21?

7 Q. Yes. Is your testimony on that point
8 still -- it's not changed by --

9 A. (Mr. Nichols) No, our procedure still
10 puts a window around a time frame.

11 Q. Now, by using the term or the phrase
12 "reasonable flexibility for gathering a maximum of
13 data points," are you suggesting that ComEd may get
14 multiple screen prints from either one or both
15 services within each two-hour window?

16 A. (Mr. Nichols) No, we take one screen
17 print.

18 Q. Does this mean that the clerk -- that's
19 how you refer to it here -- the clerk who observes
20 the screens during the two-hour period will take
21 those prints any time during the two-hour period
22 that the clerk thinks is best?

1 A. (Mr. Nichols) The clerk is told to focus
2 in that 9:30 and 3:00 o'clock time and they have the
3 option in the course of their other business work
4 they are doing to take screen prints. But that's
5 where the flexible is, to be sure that she can
6 actually get a screen print.

7 Q. So, ideally, the screen print would occur
8 at or very near 9:30 and 3:00 o'clock, right in the
9 middle of the two-hour period in each case?

10 A. (Mr. Nichols) I don't know if that's
11 ideal or anything, but it doesn't have to be at a
12 specific time.

13 Q. It can be any time during the two-hour
14 period?

15 A. (Mr. Nichols) It could be any time
16 within the two-hour period.

17 Q. Okay, good. Cross off some more
18 questions.

19 Page 6 of your direct, getting back to
20 ComEd Exhibit 6, lines 10 to 11. Are the stacks of
21 screen prints gathered during the snapshot windows
22 the same screen prints as the Altrade and Bloomberg

1 data bases which you indicate are proprietary on
2 line 10 here at page 6?

3 A. (Mr. Nichols) What we refer to on line
4 10 as the data bases is the information that is
5 published, that is electronically published, by
6 Altrade and Bloomberg. I guess I don't really
7 understand.

8 Q. Are the screen prints the information
9 published by Altrade and Bloomberg? In other words ,
10 is the reference to the data base the same as a
11 reference to the screen prints? Maybe I should have
12 asked it that way.

13 A. (Mr. Nichols) Right. The screen prints
14 is like taking a snapshot of exactly what was on the
15 screen at the time somebody made that print.

16 Q. And that is part of the Altrade/Bloomberg
17 data base?

18 A. (Mr. Nichols) Yeah. It is the current
19 picture of a data base.

20 Q. Did Commonwealth Edison during the course
21 of this process ever contact Altrade and Bloomberg
22 seeking permission to disseminate the screen prints

1 in the context of its market index tariff
2 methodology?

3 A. (Mr. Nichols) I know we had discussions
4 with Altrade and Bloomberg, I think Altrade in
5 particular. And we are trying to identify what we
6 were doing. And early on we thought actually it was
7 not a problem.

8 Q. But it turned out to be a problem?

9 A. (Mr. Nichols) Well, I think -- I think
10 what happened, we had a workshop and we actually
11 handed out some representations of those screen
12 prints and then shortly thereafter lawyers started
13 talking and it became a problem.

14 Q. You heard that old joke that lawyers are
15 like beavers; they get in a good stream and dam it
16 up. So somehow through legal counsel Altrade and
17 Bloomberg made it clear that that was a no no.

18 A. (Mr. Nichols) We received a letter. I'm
19 not sure if it was from our legal counsel.

20 Q. But it was from Altrade and Bloomberg and
21 it was -- you were told you couldn't do that any
22 more, in essence?

1 A. (Mr. Nichols) That's my understanding of
2 it.

3 Q. Since that time has ComEd made any other
4 attempt to try to get Altrade and Bloomberg to
5 provide this data to the customers who would be
6 affected by the ComEd proposal for market value
7 index?

8 A. (Mr. Nichols) I know we have had people
9 in wholesale talking to Altrade to kind of lighten
10 up. I don't know where it stands.

11 Q. If Altrade and Bloomberg had decided to
12 lighten up, would it have been likely, at least at
13 the time you filed your rebuttal testimony, you
14 would have included that in your rebuttal?

15 MS. READ: I think the question is vague.
16 Included what?

17 MR. ROBERTSON:

18 Q. I will withdraw it. Included the
19 indication that Altrade and Bloomberg had had a
20 change of heart and was going to make this data
21 available to folks here in Illinois?

22 A. (Mr. Nichols) Is that a question to me?

1 Q. I think it's an answer.

2 MS. READ: Can you restate the whole question
3 beginning to end for the witness, please?

4 MR. ROBERTSON: No. I don't want to waste any
5 more time with it. How is that?

6 Q. Would it be safe to say, Mr. Nichols
7 -- and at least if Mr. Crumrine knows -- in summary
8 that you know that Altrade and Bloomberg has been
9 contacted but you really don't know in great detail
10 what the results of that have been other than the
11 status quo has not changed; is that correct? Would
12 that be a fair statement?

13 A. (Mr. Nichols) To me that's a fair
14 statement.

15 A. (Mr. Crumrine) That's my understanding
16 also.

17 Q. Now, Mr. Nichols, at page 7, lines 15
18 through 16 of your direct, ComEd Exhibit 6, you
19 suggest that the Into ComEd Altrade/Bloomberg market
20 is growing?

21 A. (Mr. Nichols) I'm sorry, what lines were
22 you referring to?

1 Q. Page 7, lines 15 to 16, looking at the
2 phrase "There is a growing." I am taking your
3 testimony there to suggest that there is a growing
4 interest in Altrade and Bloomberg Into ComEd?

5 A. (Mr. Nichols) At the time this testimony
6 was written, that is a much more general statement
7 regarding forward contracts versus futures
8 contracts.

9 Q. Oh, okay. Just to make sure I understand
10 this particular sentence that says, "However, there
11 is a growing over-the-counter market for Into ComEd
12 hub" is a reference to a growing interest into
13 forward contracts rather than futures contracts; is
14 that correct?

15 A. (Mr. Nichols) Right, it's a recognition
16 that, you know, forwards contracts were active and
17 growing.

18 Q. As opposed to a particular growth in the
19 Altrade/Bloomberg market?

20 A. (Mr. Nichols) No, as opposed to the CBOT
21 ComEd futures market.

22 Q. Now, since the time of your testimony and

1 your direct testimony was filed -- strike that.
2 Since the time you prepared your direct testimony,
3 has Commonwealth Edison reviewed or considered the
4 use of any other internet-based trading systems
5 other than the Altrade/Bloomberg?

6 A. (Mr. Nichols) I guess I need to know in
7 what context then, that we are, you know, Altrade
8 and Bloomberg.

9 Q. A supplier's remorse?

10 A. (Mr. Nichols) Well, we have a wholesale
11 department that continually looks at avenues for
12 selling wholesale power. And so they would
13 constantly be looking at alternatives besides
14 Altrade and Bloomberg for that.

15 Q. I'm sorry. I was not clear enough. I'm
16 talking about in the context of using something else
17 for the market value index approach?

18 A. (Mr. Nichols) We have not offered
19 anything else because nothing has, from our
20 wholesale operations, has shown to be any different
21 right now.

22 Q. Have you evaluated the viability of using

1 any additional data sources other than Altrade and
2 Bloomberg in your market value index since you
3 prepared your direct testimony?

4 A. (Mr. Nichols) I think we -- of course,
5 you make evaluations by seeing if anything is coming
6 forward that really would make a difference. I
7 mean, so in a sense there has been no formal
8 evaluations done to try to substitute anything at
9 this time.

10 Q. You gentlemen are aware that Illinois
11 Power has proposed the use of additional data
12 sources for this same purpose; isn't that correct?

13 A. (Mr. Nichols) Illinois Power proposed
14 the use of, in addition to electronic exchanges, the
15 Market Power Week; is that what you are referring
16 to?

17 Q. Yes, that is what I am referring to. And
18 you are aware that they did that?

19 A. (Mr. Nichols) Yes, we are aware that
20 they did that.

21 A. (Mr. Crumrine) Yes.

22 Q. And I guess my question to you is, do you

1 see any benefit to adding an additional data source
2 like that?

3 A. (Mr. Nichols) I'm not sure if we saw any
4 really substantial benefit. There will be -- the
5 two that we are using were meant to be kind of a
6 window into looking at what these prices are. We
7 thought they effectively did that.

8 Q. And would I be correct then in assuming
9 from your answer that you saw some benefit in doing
10 that, but at least from the point of view of
11 Commonwealth Edison you did not believe that it
12 would add substantially to the accuracy or validity
13 of your methodology?

14 A. (Mr. Nichols) I guess I can only speak
15 for myself and other people that might have been on
16 the team looking at that. You know, there is some
17 incremental benefit but it was not considered
18 substantial enough.

19 Q. Now, Mr. Nichols, if you would look at
20 page 11, line 15.

21 MS. READ: Is this still in his direct?

22 MR. ROBERTSON:

1 Q. Yes, I'm sorry, of ComEd Exhibit 6, your
2 direct testimony. Do you have it?

3 A. (Mr. Nichols) It's the question.

4 Q. Are you at line 15 with the question and
5 the answer that begins there?

6 A. (Mr. Nichols) Yes.

7 Q. And over onto page 12, lines 1 and 2. In
8 the context of that answer when you talk about the
9 visibility of price signals at lines 18 and 19 in
10 particular, are you talking about prices from
11 Altrade and Bloomberg services?

12 A. (Mr. Nichols) We are talking about price
13 signals from off-peak and on-peak.

14 Q. All right. And for the on-peak -- in
15 relation to the on-peak would you be speaking of
16 from the Altrade and Bloomberg services?

17 A. (Mr. Nichols) I think the summary of our
18 proposal really talks about the visibility of
19 forward prices and that the particular methodology
20 is taking a snapshot of Altrade and Bloomberg to
21 capture those forward prices.

22 Q. We would be talking about the visibility

1 of forward prices as shown on the Altrade/Bloomberg
2 service, is that correct, as it relates to on-peak?

3 A. (Mr. Nichols) Could you repeat the
4 question?

5 MS. READ: Could you also repeat the prior
6 question and answer, so question, answer and
7 question?

8 (Whereupon the requested
9 portion was then read back by
10 the Reporter.)

11 A. (Mr. Nichols) As I tried to answer
12 before, I think the methodology is looking for
13 forward prices, Altrade and Bloomberg being
14 representative of those prices, is what we are
15 taking snapshots and using them for the actual
16 calculations.

17 Q. All right. Now, on line 18 you refer to
18 market participants; do you see that?

19 A. (Mr. Nichols) Yes, I do.

20 Q. Now, when you refer to market
21 participants, are you talking about participants in
22 the Altrade/Bloomberg market?

1 A. (Mr. Nichols) No. In this context I
2 meant people buying and selling electricity.

3 Q. The universe of people buying and selling
4 electricity are end-use retail customers on account
5 -- strike that. Is it the universe of people buying
6 electricity in the wholesale market that is
7 referenced here? Are these the market participants
8 that you are referring to?

9 A. (Mr. Nichols) People buying on the
10 wholesale market are included in these market
11 participants.

12 Q. Would there be any other market
13 participants that you had in mind other than those
14 participating in the wholesale market at this point
15 in your testimony?

16 A. (Mr. Nichols) Well, my personal
17 viewpoint, I don't deal with the retail side very
18 often. So I know there are customer self-managers
19 but I don't understand the full scope of their area.

20 Q. Okay. Other than some special
21 arrangement like customer self-manager, did you have
22 in mind based on your experience on the wholesale

1 side the participants in the wholesale market plus
2 any others that would qualify?

3 A. (Mr. Nichols) I think the kind of
4 participants that we would expect to see are people
5 that would actually be interested in these products
6 and so forth. People that would read, you know,
7 look to see what prices are, wholesale products and
8 so forth, and that's where they would buy
9 electricity, would try to make deals. That would
10 have been the RESs, any large customer that actually
11 could go out and procure power in that fashion.

12 Q. All right. Now, at lines 21 -- I'm sorry,
13 at line 22 you begin to talk about that ComEd's
14 methodology both on and off-peak market prices can
15 be determined from publicly available data. Are you
16 suggesting that the data from Altrade and Bloomberg
17 is available to persons who are not members of the
18 Altrade/Bloomberg exchange or who have not paid
19 Altrade/Bloomberg for the historical data?

20 A. (Mr. Nichols) I think what we are really
21 suggesting here is that forward prices can be seen
22 in many places and that they are all very

1 representative of one another. So there is a lot of
2 different avenues for this. That's the purpose of
3 the price transparency. That is more what I meant
4 by that.

5 Q. Now, you have stated that your primary
6 role in the company has been on the wholesale side
7 of the business; is that correct?

8 A. (Mr. Nichols) No, sorry. If I stated
9 that, that's incorrect.

10 MS. READ: Would this be a good time for a
11 break?

12 MR. ROBERTSON: Yes.

13 EXAMINER JONES: All right. Off the record.

14 (Whereupon there was then had
15 an off-the-record discussion.)

16 EXAMINER JONES: We hereby break for ten
17 minutes.

18 (Whereupon the hearing was in
19 a short recess.)

20 EXAMINER JONES: Back on the record.

21 MR. ROBERTSON:

22 Q. Could you gentlemen refer to Exhibit

1 Number 8, your joint direct testimony in the
2 consolidated dockets, line 6 -- I'm sorry, page 6,
3 lines 4 to 5. You state that all qualified traders
4 on the exchange can see the same prices at the same
5 time. Are you talking about Altrade/Bloomberg?

6 A. (Mr. Nichols) In that line we were
7 referring to Altrade and Bloomberg.

8 Q. What is a qualified trader?

9 A. (Mr. Nichols) In the context that we
10 have given here, it was basically anybody that
11 Altrade and Bloomberg had allowed to connect to
12 their system which I understand was traders, is what
13 they were requiring.

14 Q. Traders in electricity?

15 A. (Mr. Nichols) I think they trade more
16 than electricity.

17 Q. As opposed to an end-use customer like
18 Lueders, Robertson and Konzen, a law firm in Granite
19 City, not my clients, just my office. I wouldn't be
20 consider a trader as an end-use customer if that was
21 my only qualification; is that correct?

22 A. (Mr. Nichols) If Altrade considered you

1 a trader and allowed you to connect, then, you know,
2 I think you could see what was on the exchange.

3 Q. How does an individual firm become
4 qualified as a trader?

5 A. (Mr. Nichols) I guess in this context
6 it's how Altrade is going to allow you to trade.
7 And I think you have to have a credit rating, you
8 have to be willing to trade, and I'm not sure about
9 FERC requirements.

10 Q. You don't have a great deal of knowledge
11 or detailed knowledge on how that's done?

12 A. (Mr. Nichols) I agree with that.

13 Q. You don't know what agreements would have
14 to be signed or what commitments would have to be
15 made; is that correct?

16 A. (Mr. Nichols) I do not know that.

17 Q. Now, I am going to skip over for a minute
18 to your rebuttal testimony so I can get this set of
19 pages off my table here. At page 8, line 10 of
20 Exhibit 9, ComEd Exhibit 9, your rebuttal testimony
21 in this docket, you state that ComEd proposes using
22 electronic exchanges for establishing foreign prices

1 due to their price transparency for participating
2 traders and growth potential as a platform of choice
3 for many traders; is that correct?

4 A. (Mr. Nichols) That is a correct reading.

5 Q. Can you be a market participant and not be
6 a trader?

7 A. (Mr. Nichols) Yes.

8 Q. At line 8 -- or page 8, lines 19 to 20,
9 you state ComEd's use of electronic exchanges has
10 increased substantially over the last eight months;
11 is that correct?

12 A. (Mr. Crumrine) You have read correctly
13 the part of the sentence that you read.

14 Q. Now, are you talking about ComEd's use of
15 the Altrade/Bloomberg or electronic exchanges in
16 general?

17 A. (Mr. Nichols) In writing this testimony
18 we referred to Altrade and Bloomberg.

19 Q. I am not going to ask you about numbers,
20 but I do want to ask you about whether or not that
21 you are aware that the number of trades by ComEd
22 on -- actual trades on the Altrade/Bloomberg

1 exchange -- as measured by your snapshots has gone
2 down.

3 MS. READ: I will caution the witnesses not to
4 reveal any confidential and proprietary data, and go
5 ahead.

6 A. (Mr. Nichols) I'm not sure.

7 A. (Mr. Crumrine) I'm not sure I understand
8 the second part of your sentence. When you say it's
9 actually gone down, do you have some information
10 that --

11 Q. I'm sorry, that's a good point. Since
12 Period A, the actual trades as measured by your
13 methodology on the Altrade/Bloomberg exchanges has
14 declined?

15 A. (Mr. Nichols) Unfortunately, I don't
16 remember how many came out of Period B, but I
17 remember how many came out of Period A.

18 Q. All right. Do you know, Mr. Crumrine?

19 A. (Mr. Crumrine) I don't recall.

20 Q. All right. I won't pursue it any further.
21 In your joint direct testimony, ComEd Exhibit 8,
22 beginning on page 2 in the question and answer that

1 begins at line 12 in the second full paragraph, I'm
2 sorry, in the first full paragraph of that answer of
3 the last sentence, you state that, "Neither of these
4 functions can be performed with any degree of
5 precision, and thus are likely to introduce
6 distortions into final estimates of market prices of
7 a" -- strike that. It's been a long day. "Neither
8 of these functions can be performed with any degree
9 of precision, and thus are likely to introduce
10 distortions in the final estimates of market prices
11 resulting from that methodology;" is that correct?

12 A. (Mr. Crumrine) You have read it
13 correctly.

14 Q. And have either of you performed any
15 analysis or study to support that conclusion that
16 you come to here?

17 A. (Mr. Nichols) I need to read the
18 paragraph to understand the context .

19 Q. Okay. Please do so.

20 A. (Mr. Crumrine) Yes.

21 Q. At lines 29 to 30 you make a reference to
22 actual markets. What markets are the actual markets

1 that you refer to?

2 A. (Mr. Nichols) I think the actual markets
3 refer to the forward market and to the off-peak
4 sales market.

5 Q. Are there other markets other than those
6 two?

7 A. (Mr. Crumrine) I wouldn't even
8 characterize those as two separate markets. I mean,
9 there is certainly different types of transactions.
10 We are looking at -- and maybe a clarification for
11 that sentence would be helpful -- we are both
12 looking at actual transactions or trades to reflect
13 the market value. We did not mean to imply in this
14 that the Altrade or Bloomberg exchange is in and of
15 itself a market or that off-peak transactions are in
16 and of themselves a market. They are merely
17 transactions that occur in the larger market that
18 involves all the market participants in the region
19 relevant to ComEd or the Ameren/IP in their cases.

20 A. (Mr. Nichols) And I support his
21 explanation.

22 Q. So you would eliminate the word "S" after

1 markets there; you are talking about the market in
2 total for all electric products? Or are there
3 actually different types of markets?

4 A. (Mr. Crumrine) We were not intending to
5 imply that there were multiple markets for electric
6 power and energy in that sentence.

7 Q. Okay. Now, in the next line down you talk
8 about accurate information. Accurate in relation to
9 what? A particular price or group of prices?
10 Particular price for particular types of products?

11 A. (Mr. Crumrine) I think we meant accurate
12 in the sense of reflective of prices that are being
13 experienced by participants in the marketplace for
14 transactions.

15 Q. Down in the next paragraph at line 37 you
16 talk about the NFF methodology depends on contracts
17 that includes transactions that are out of date; is
18 that correct?

19 A. (Mr. Crumrine) Yes.

20 Q. Now, all of the contracts the NFF looked
21 at are still in effect; aren't they?

22 A. (Mr. Crumrine) They are all in effect

1 today, yes. Illinois Power's are in effect to date.

2 A. (Mr. Nichols) Yes.

3 A. (Mr. Crumrine) Their term of delivery may
4 include today.

5 Q. At the top of page 3, at lines 3 through
6 7, you talk about the methodologies, and I assume
7 that you are talking about Ameren and IP here, both
8 offer both increased accuracy and price
9 transparency; is that correct?

10 A. (Mr. Crumrine) That's correct.

11 Q. Now, and their adoption is likely to
12 promote the development of effective and efficient
13 competition for electricity in Illinois; is that
14 correct?

15 A. (Mr. Crumrine) It actually says electric
16 services, but yes.

17 Q. Thank you. And would you agree with me
18 that there are other things that can help promote
19 effective and efficient competition for electric
20 services in the state of Illinois as well?

21 A. (Mr. Crumrine) I am not quite sure what
22 you mean by other things. That's an awfully broad

1 question.

2 Q. Are there other -- would elimination of
3 the transition charge help promote it? If we could
4 eliminate it tomorrow, the utilities could recover
5 their stranded costs, would that help promote
6 competition in the state of Illinois?

7 A. (Mr. Crumrine) Not in my view.

8 Q. So if the utilities have no more stranded
9 costs, they should continue to recover?

10 MS. READ: I object to that question as
11 argumentative, having an assumption that's not in
12 evidence, and the relationship between stranded
13 costs and transition charges is not necessarily an
14 equivalent. So overall I object on the question
15 being unduly argumentative, containing assumptions
16 not in evidence, and misstating the law.

17 MR. ROBERTSON: I don't believe it was
18 argumentative, and I don't believe the witnesses are
19 being argumentative, and I am certainly not trying
20 to be argumentative. And I think it's a fair
21 question because I asked the witness were there
22 other things that could promote efficient and

1 effective competition, other than just changing the
2 market value index methodology.

3 MS. READ: Well, I think the Hearing Examiner
4 heard the exchange.

5 MR. ROBERTSON:

6 Q. Well, let me ask it a different way, if I
7 may, and we will shorten this up and then you can
8 make a ruling. Are you suggesting, Mr. Crumrine,
9 that we should keep transition charges and keep
10 market value, the market value index methodology,
11 for the next 20 years because it will help promote
12 competition in the state of Illinois?

13 A. (Mr. Crumrine) No, that's not what I am
14 suggesting.

15 Q. Would you agree with me that we wouldn't
16 even need the market value index approach here in
17 Illinois if we didn't have transition charges?

18 A. (Mr. Crumrine) That's an awfully big
19 hypothetical about a restructuring regime that I am
20 not aware of. I don't know that I can answer that.

21 Q. In the context of the law as adopted by
22 the General Assembly, would you agree with me that

1 we would not need the market value index approach to
2 determine the PPO option -- strike that. We
3 wouldn't need it to determine the transition charges
4 once the transition charges have been collected and
5 the transition charge recovery period is over?

6 A. (Mr. Crumrine) Well, that's kind of
7 compound there. You don't know whether there
8 remains transition charges to be charged unless you
9 have a market value. And then the second part was
10 after the transition period is over and, of course,
11 after the transition period is over it's not -- the
12 transition charges are not at issue. So I am still
13 a little confused.

14 Q. Well, I guess I am, too. Because the
15 market value index approach is needed in part in
16 order to help calculate transition charges. And if
17 it were not needed for that purpose because there
18 were no transition charges, then the market value
19 index methodology in and of itself would not promote
20 competition; isn't that true?

21 A. (Mr. Crumrine) I don't know that that's
22 necessarily true.

1 Q. Okay. Why not?

2 A. (Mr. Crumrine) The one thing that comes
3 to my mind off hand is that utilities have the
4 option, although not the requirement, to offer a
5 power purchase option in the event that they are not
6 collecting transition charges. Any utility that
7 wanted to offer a PPO, even though it was not
8 collecting transition charges, would still need some
9 sort of method by which to set market value.

10 Q. So you are saying that CILCO has the
11 option to offer the PPO option, even though it is
12 not -- it has elected not to collect transition
13 charges from anyone?

14 A. (Mr. Crumrine) You are asking a layman,
15 not a lawyer, but I thought that the only thing that
16 they were prohibited from is, if they were
17 collecting transition charges, they had to offer the
18 PPO and that the alternative was a voluntary
19 decision.

20 Q. So it's your layperson's opinion, just to
21 make sure I am clear and I am not arguing with
22 you -- in fact, I am kind of interested in this --

1 that a utility may still continue to offer the PPO
2 option even though it is not collecting transition
3 charges and there is nothing in the law that
4 prohibits them from doing that, to the best of your
5 knowledge and not as a lawyer?

6 A. (Mr. Crumrine) Pending the lawyers in the
7 room telling me I am really wrong, that was my
8 understanding when I walked in the room today.

9 Q. Now, to the extent there are electronic
10 exchanges available outside the context of the
11 market value index approach, do they, their
12 existence, promote increased accuracy and price
13 transparency?

14 MS. READ: I am going to object to the question
15 without a context.

16 MR. ROBERTSON: In the state of Illinois.

17 MS. READ: I ask that the question be read back
18 with that.

19 MR. ROBERTSON: Let me restate it.

20 Q. Would you agree or disagree that the
21 existence of electronic exchanges or services or
22 markets for electricity promote increased accuracy

1 and price transparency for customers within the
2 market?

3 A. (Mr. Crumrine) The only reason I am
4 hesitating is the insertion the word "markets" as
5 plural. I have tried to stay away from indicating
6 that. I don't agree that there are multiple
7 markets. I think just as a general concept, the
8 more places there are for customers to go to get
9 valid forward-looking prices for the same commodity
10 on the same terms for the same time periods so that
11 they can be compared in an apples to apples
12 comparison, helps price transparency which in my
13 opinion would assist in the development of
14 competition.

15 Q. So it's not the ratemaking methodology in
16 and of itself, the market value index methodology in
17 and of itself, that promotes accuracy and price
18 transparency. It's the availability of as much
19 information as possible for all participants in the
20 market that promotes accuracy and price
21 transparency, isn't it, that will help to develop
22 competition in the state of Illinois?

1 A. (Mr. Crumrine) No, I don't agree there
2 because I do think that this particular proposal and
3 methodology is very important for the development of
4 competition. I was answering in the context of what
5 other things in addition to that may be helpful.
6 But I think this is a primary influence on that.

7 Q. Now, you have used the phrase "current
8 market" and "current market conditions" on page 4 of
9 your testimony in the first full paragraph. And I
10 would just like to ask you, when you say "current
11 market," you are talking about the forward market,
12 futures market, the spot market, what market are you
13 talking about?

14 MS. READ: Eric, can you give me the cite
15 again? I can't find it.

16 MR. ROBERTSON: First full paragraph, line 8, I
17 think it is, page 4.

18 MS. READ: Of which exhibit? I have got page
19 4.

20 MR. ROBERTSON: I'm sorry, the same exhibit we
21 are talking about, Exhibit Number 8.

22 MS. READ: Okay.

1 A. (Mr. Crumrine) As I mentioned earlier,
2 there really is only one market for electric power
3 and energy. There are not separate markets for
4 futures. Those are different transactions. They
5 are not different markets. And when we say current
6 market conditions, we are meaning "current" to
7 modify the words "market conditions" as a pair, and
8 indicate that the market conditions and the prices
9 that are in effect and are expected and face the
10 market participants are what we mean by current.

11 Q. Okay. So just to make sure I understand,
12 when I read this, I thought you meant like -- this
13 was written on September 1 -- that the current
14 market was whatever the price was on September 1.
15 That's not the case; is that correct?

16 A. (Mr. Crumrine) I think we meant it a
17 little bit more broadly than that. I mean, it
18 certainly -- the current does have a time factor
19 implied there. It was not limited, though, to just
20 like the date or the week before we wrote the
21 testimony. That statement would have been just as
22 true had we been able to say it in March had we

1 known the NFF 2001 values. The fact is, we do not
2 believe that the market values coming out of the NFF
3 for 2001 reflect -- and I know we said current
4 market conditions -- but they are not reflective of
5 market prices facing participants in the marketplace
6 today. And that's what we meant by the current
7 market conditions.

8 Q. Would you go to page 6, please, of Exhibit
9 8? I am looking at your chart at the bottom of the
10 page and the graph on the next page. Looking at the
11 graph first, would I be correct in assuming that
12 there was a substantial surge in the number of
13 customers enrolling for PPO and for ComEd PPO
14 enrollments and RES enrollments when the first round
15 of customers was allowed to choose in October of
16 1999?

17 A. (Mr. Crumrine) Based on this chart I
18 would characterize the time period from -- and it's
19 a little bit judgmental -- but definitely from the
20 beginning of choice in October through, say,
21 February there was a dramatic and continued
22 increase, yes.

1 Q. All right. Was that in your opinion
2 simply the fact that that's when the law became
3 effective and people were given the option?

4 A. (Mr. Crumrine) I think to a certain
5 extent that it's reflective of the fact that people
6 knew it was coming. And for some customers they
7 weren't necessarily ready on day one, but there were
8 a lot of people ready and poised. And some of those
9 customers were multi-site customers that had
10 multiple sites, and this reflected a very rapid
11 phase-in for the larger customers who had the first
12 opportunity and went in rather quickly, yes.

13 Q. And would you agree with me there was
14 another upsurge beginning in June of this year, and
15 that's when an additional 30,000 customers became
16 eligible on the ComEd system, isn't it?

17 A. (Mr. Crumrine) An additional -- I don't
18 remember the exact number. It would be -- the
19 manufacturing customers did become eligible,
20 although I do know that probably only half of the
21 increase that we see there is due to manufacturing
22 customers that became newly eligible in June. There

1 is still a sizable increase of customers that had
2 been eligible all along that jumped in after June 1.

3 Q. When you talk about getting summer prices
4 right at the top of page 8 of Exhibit 8, line 2, how
5 do we know they are right? What do we compare them
6 to?

7 A. (Mr. Crumrine) I think the fact that they
8 are, from my understanding, reflective, by going to
9 Altrade and Bloomberg and the numbers that we are
10 seeing there, we are told by our experts in the
11 company that those are reflective of the kinds of
12 prices that they are being faced when they go out
13 into the market to buy or sell, that we are
14 confident that at that time they are reflective of
15 the summer market conditions that were facing market
16 participants at that time.

17 A. (Mr. Nichols) I think additionally, when
18 you look at forward markets, we have stated that the
19 closer you get to that time, the more information is
20 known by people in the market. So that it becomes a
21 very -- it's right because the most information is
22 known by everybody.

1 Q. At the bottom of page 9, top of page 10,
2 Exhibit 8, you talk about a slight change in the
3 Ameren and ComEd methodologies that would not
4 drastically change the volumes used but would
5 provide an improvement to the process. Is
6 Commonwealth Edison agreeing to make the change that
7 is described here?

8 A. (Mr. Nichols) Yes.

9 Q. Yes.

10 A. (Mr. Crumrine) Well, if I am not
11 mistaken, this proposal was further clarified via
12 our surrebuttal testimony. And what we have agreed
13 to is ultimately what is shown in our surrebuttal
14 which started with what you just talked about here
15 in response to concerns Mr. Zuraski raised in his
16 testimony. We have agreed to further modifications
17 and improvements that are reflected in the
18 surrebuttal, and it's the surrebuttal that we
19 believe is the most appropriate method right now.

20 A. (Mr. Nichols) I read page 8 as talking
21 about the off-peak market data checks. And it's
22 basically stated that in our current methodology we

1 were going to use the mid-point of the range of the
2 off-peak numbers. Given that we are starting to
3 report an index for off-peak, this suggestion that I
4 said yes to was meant to look at in the off-peak
5 using the index instead of actually taking a
6 mid-point of that range, when the index was
7 available. The index was not available to get the
8 mid-point of the range.

9 Q. Thank you. Page 3 of your rebuttal,
10 Exhibit 9, line 17, is this an expression of
11 Commonwealth Edison's intention or somebody else's
12 intention in restructuring the electric market?

13 A. (Mr. Crumrine) I think it's our
14 interpretation of the general intention as I
15 interpret portions of the amendments to the Public
16 Utilities Act that the legislature brought.

17 Q. You are not a lawyer, are you,
18 Mr. Crumrine?

19 A. (Mr. Crumrine) No, sir.

20 Q. And you are not really qualified to, since
21 you are not a lawyer and you are not a member of the
22 General Assembly, you are not qualified to testify

1 as to what their exact intention was; isn't that
2 correct?

3 A. (Mr. Crumrine) Well, I think they do
4 state in some of the -- and I want to say Section
5 101(a) -- some of their intentions of what was meant
6 by the purpose of the Act. Now, I realize that I am
7 reading it as a lay person and giving my
8 interpretation of what they say there, but that was
9 what formed the significant basis for my saying
10 this.

11 Q. I don't want to argue this now. We can
12 argue it later. But I would move to strike the
13 testimony since the witness has identified it as
14 being his characterization of the intention of the
15 General Assembly. I don't want to waste a lot of
16 time. If we can just put it on the list of
17 arguments --

18 MS. READ: Your Honor, I will state he did say
19 it was his layperson's reading, which I assume is
20 equivalent to the technical reading by
21 Mr. Robertson's witness yesterday. I would also
22 note for the record that the witness correctly

1 identified the part of the Public Utilities Act,
2 5-16-101(a), that cites intent. And I won't provide
3 subsection references but I believe he's identified
4 the section he looked to as support of his
5 understanding of the General Assembly's intent. And
6 it's appropriate testimony and the motion to strike
7 would be improper.

8 MR. ROBERTSON: I will respond later.

9 Q. The bottom of page 6 and the top of
10 page 7, if you will, gentlemen, of Exhibit 9.

11 A. (Mr. Nichols) Is Exhibit 9 rebuttal
12 testimony?

13 Q. That is your rebuttal, yes, sir.

14 MS. READ: What page?

15 MR. ROBERTSON: Bottom of page 6, top of page
16 7. I want to make sure I understand something.

17 Q. When you use the term "different
18 counterparties" at line 24, are you talking about
19 parties to a contract that Commonwealth Edison
20 entered into to either buy or sell electricity?

21 A. (Mr. Nichols) Yes.

22 Q. And are these -- were these all on Altrade

1 and Bloomberg, or somewhere else?

2 A. (Mr. Nichols) No, the next sentence says
3 each transaction occurred over the phone broker
4 business directly without a broker and via the
5 electronics exchange.

6 Q. Can you tell me how many of the 37 -- were
7 these 37 different contracts or were there more than
8 37 contracts and just 37 different parties?

9 A. (Mr. Nichols) This says 37 different
10 parties. I can only assume beyond that.

11 Q. Okay. So you don't know whether it was 37
12 contracts or one contract with 37 parties or --

13 A. (Mr. Nichols) I think it's impossible to
14 have one contract with 37 parties.

15 Q. Or a thousand contracts with 37 parties?

16 A. (Mr. Nichols) I don't know the numbers.

17 Q. Okay. At the top of page 7, has
18 Commonwealth Edison invested any of its own money
19 into the development of the ComEd hub?

20 A. (Mr. Nichols) I think the ComEd hub
21 is -- I am trying to think of the word, it's not a
22 physical thing.

1 A. (Mr. Crumrine) It's a trading point and a
2 point of interconnection and point of delivery.
3 It's not like the Board of Trade where it's a
4 physical location, other than it's an electrical
5 location for a point of delivery or supply.

6 Q. Now, I may misrecollect but I thought I
7 heard Mr. Huntowski state yesterday that Cinergy was
8 very close or almost equivalent to prices at the
9 ComEd hub. Were you here yesterday? Do you have
10 that same recollection, the Cinergy hub prices?

11 A. (Mr. Nichols) I think he was creating
12 equality between price levels exhibited in the Into
13 Cinergy hub and the Into ComEd hub.

14 A. (Mr. Crumrine) That is my recollection
15 also.

16 Q. If the Cinergy presented more accurate
17 values or prices, the Cinergy hub, how would use of
18 the Cinergy hub prices to develop a market value in
19 Illinois under market value indexes, retard the
20 development of the ComEd hub if participants in the
21 market wanted to use the ComEd hub anyway?

22 A. (Mr. Crumrine) That was a long question.

1 Q. If Into Cinergy provided a more accurate
2 set of prices for determination of market value.

3 EXAMINER JONES: Than?

4 A. (Mr. Crumrine) Than what?

5 Q. Than the Into ComEd prices. How would
6 the use of the Into Cinergy prices for the purpose
7 of the market value index methodologies retard the
8 development of the ComEd hub?

9 A. (Mr. Crumrine) I am having problems with
10 the preface. Because if you have got prices for the
11 Into ComEd hub, I don't know how -- I mean, they may
12 -- Into Cinergy may be identical but I don't know
13 how they could be more accurate if you have got
14 market prices reflective of the ComEd hub.

15 Q. If they are identical, then why or how
16 with use of the Cinergy values retard the
17 development of the ComEd hub?

18 A. (Mr. Crumrine) I believe that there will
19 -- the use of the Cinergy hub will create a natural
20 use of that hub for exchanges, for trading, that if
21 ComEd were to start off with the Cinergy hub, it
22 would make it less likely that trading at the ComEd

1 hub would develop in the same manner than it would
2 as if the ComEd hub were actually used for price
3 trading, for setting the market value.

4 Q. Are there other exchanges out there that
5 price or report prices into the ComEd hub, other
6 than Altrade and Bloomberg, electronic exchanges?

7 A. (Mr. Nichols) I know Cinergy was talking
8 about that. I'm not sure if they ever initiated it.

9 Q. There is historical data published on the
10 Into ComEd hub; is there not?

11 A. (Mr. Nichols) Power Markets Week has a
12 data base that publishes historical data into
13 everybody's hub.

14 Q. Is it the Company's position that if the
15 Into ComEd hub prices -- strike that. If the
16 Altrade and Bloomberg data sources are considered to
17 be too thin or otherwise inappropriate for use in
18 relation to the ComEd hub and the ComEd market value
19 index, that the Commission should use some other
20 source of data such as the Altrade/Bloomberg Into
21 Cinergy hub data?

22 A. (Mr. Crumrine) I think you are giving us

1 a hypothetical that we don't agree with in the first
2 place, that they are too thinly traded, that they
3 are not proper values, not representative of the
4 prices into the ComEd hub. That's a fundamental
5 disagreement that we have. So you are asking me to
6 create a hypothetical that is almost impossible to
7 answer because we don't believe that's the case.

8 Q. You don't believe it's the case that the
9 Commission could turn you down?

10 A. (Mr. Crumrine) No, that's not what I
11 said. I was talking about the preface portion of
12 the sentence.

13 Q. If the Commission turns you down for
14 whatever reason, because they don't like the color
15 of your eyes or they don't like the way Commonwealth
16 Edison presented its proposal or they don't like
17 something else in the proposal, would it be your
18 desire to go back to the NFF or would you prefer to
19 use the Cinergy, Into Cinergy values, as represented
20 on Altrade and Bloomberg?

21 MS. READ: I object to the preface to the
22 extent it assumes the Commission can act in a way

1 that's arbitrary and capricious. But with that
2 objection I will let the witnesses respond to the
3 latter part of the question.

4 A. (Mr. Crumrine) ComEd's position here, I
5 hope, is clear that our preference is the ComEd hub
6 for use for a market value index. We would have to
7 evaluate any modifications that the Commission made
8 to our proposal in total and in context. But if the
9 only difference I were given was the ones that you
10 just gave me, was to choose the NFF or an
11 appropriately designed forward-looking price from
12 Cinergy for forwards transactions in the peak
13 period, I would choose Cinergy.

14 Q. Okay, thank you. At the top of page 8 you
15 state, "Also on the exchanges" -- and this is page 8
16 of Exhibit 9 -- "Also on the exchanges we are now
17 seeing bids and offers for periods as far as 18
18 months out." Is it ComEd that is posting these bids
19 and offers?

20 A. (Mr. Crumrine) I don't know.

21 A. (Mr. Nichols) Yeah, I don't recall.

22 Q. Now, down at the bottom of page 8 we talk

1 again about -- we talk about the fact that there are
2 13 counterparties to the trade forwards contracts
3 with ComEd on Altrade during the year 2000; is that
4 correct?

5 A. (Mr. Crumrine) Yes, that's right.

6 Q. Now, we have already talked about that.
7 What we are talking about are contracts for the sale
8 of electricity, isn't that correct, when we talked
9 about the 37 counterparties earlier in your
10 testimony?

11 A. (Mr. Nichols) That would have been a
12 reference to electricity, yes.

13 Q. Now, would you be willing to accept,
14 subject to check, that according to ComEd's FERC
15 Form Number 1, Annual Report of Major Electric
16 Utilities Licenses and others for December 31, 1999,
17 which means it's for the calendar year 1999, that in
18 Account 347, Sales for Resale, Commonwealth Edison
19 sold 19,487,287 megawatt hours for the year ending
20 December 31, 1999?

21 A. (Mr. Crumrine) If you have got a copy of
22 the Form 1 that I could look at, that would be

1 helpful.

2 MS. READ: Your Honor, I am also going to ask
3 how much more Mr. Robertson has. Yesterday the
4 cross estimates were approximately a total of three
5 hours for my witnesses. They have now been on the
6 stand over seven hours total. And I think
7 Mr. Robertson has exceeded his last three estimates.

8 MR. ROBERTSON: Well, I didn't expect -- well,
9 nevermind. I could be cute but I won't. We didn't
10 get off on a real good foot here with regard to what
11 was in their testimony and what was not, and that
12 took a lot longer than I anticipated. I only have a
13 little bit more.

14 MR. CRUMRINE: If I could have the question
15 read back, I think I am ready to answer.

16 (Whereupon the requested
17 portion was then read back by
18 the Reporter.)

19 A. (Mr. Crumrine) Other than correcting the
20 account number to 447, that appears to be an
21 accurate number, assuming that what I have been
22 given is an accurate copy of the Form 1. Now, I

1 have no reason to disbelieve that but that's the
2 only condition.

3 MR. ROBERTSON: I pushed my luck far enough.
4 Thank you. No further questions.

5 EXAMINER JONES: Is there redirect?

6 MS. READ: I have two brief questions.

7 REDIRECT EXAMINATION

8 BY MS. READ:

9 Q. Mr. Crumrine and Mr. Nichols, was IIEC
10 offered an opportunity to meet with ComEd in its
11 offices to review the screen prints in August 2000?

12 A. (Mr. Crumrine) My understanding was that
13 in the subsequent response to a data request that we
14 did offer that opportunity, yes.

15 Q. And did IIEC come to your offices to
16 review the screen prints to the best of your
17 knowledge?

18 A. (Mr. Crumrine) Not to the best of my
19 knowledge.

20 A. (Mr. Nichols) I conducted the audits and
21 I have nothing to address with regard to that.

22 MS. READ: I have no other questions.

1 MR. ROBERTSON: I have a question. What data
2 request was that?

3 MS. READ: Commonwealth Edison Company's
4 response to Illinois Industrial Energy Consumers'
5 first data request, requested update August 22,
6 2000, Number 23.

7 MR. ROBERTSON: May I see it, please?

8 MS. READ: Yep, sure can. Your Honor, while he
9 is checking that, can I briefly confer with my
10 witnesses?

11 MR. ROBERTSON: Well, I need to ask this
12 question, and I don't know whether these gentlemen
13 are willing to do that without a confidentiality
14 agreement.

15 MS. READ: You signed one.

16 MR. ROBERTSON: May I see the confidentiality
17 agreement I signed, please?

18 RE CROSS EXAMINATION

19 BY MR. ROBERTSON:

20 Q. Subject to check, gentlemen, would you
21 accept that pursuant to the confidentiality
22 agreement I am not permitted to show any of the

1 information or discuss any of the information with
2 anybody other than the people who signed the
3 agreement?

4 A. (Mr. Crumrine) I haven't read your
5 confidentiality agreement. I don't know.

6 MS. READ: I will stipulate that the
7 confidentiality agreements bind the individuals who
8 signed it.

9 Q. And, therefore, only those individuals
10 can look at the information that ComEd offered to
11 provide; is that correct?

12 A. (Mr. Crumrine) Yes.

13 MR. ROBERTSON: Thank you, no further questions.

14 MS. READ: One final redirect, Your Honor.

15 REDIRECT EXAMINATION

16 BY MS. READ:

17 Q. Mr. Crumrine, with regard to the question
18 Mr. Robertson asked you about the intention of
19 restructuring, was there any other basis for your
20 statement other than the statement of intent of the
21 General Assembly in 16-101(a) of the Illinois Public
22 Utilities Act?

1 A. (Mr. Crumrine) Yes. It's my general
2 background and experience in the electric utility
3 industry that the intent of restructuring and
4 introducing competition into electric markets,
5 particularly for the sale at the retail level, is
6 intended to increase options for customers, increase
7 competition, and provide innovative and new services
8 and products to customers.

9 MS. READ: Thank you. No further redirect.

10 MR. ROBERTSON: I have nothing further.

11 MS. HEXTELL: We have got nothing further.

12 EXAMINER JONES: All right. Thank you,
13 gentlemen. Just a couple quick questions, not of
14 the witnesses, but regarding exhibits.

15 We have an IIEC Cross exhibit here, I
16 believe, Cross Exhibit Number 1. Do you intend to
17 offer that?

18 MR. ROBERTSON: 1P it should be. I don't know
19 if it's marked that way but it is proprietary and
20 confidential.

21 EXAMINER JONES: You are right. It is 1P. Did
22 you intend to offer that or is that just for

1 questioning purposes?

2 MR. ROBERTSON: No, sir. Yes, I did intend to
3 offer it.

4 EXAMINER JONES: Any objection to the admission
5 of IIEC Cross Exhibit 1P, as in proprietary?

6 MS. READ: No objections.

7 EXAMINER JONES: Let the record show IIEC Cross
8 Exhibit 1P, as in proprietary, is admitted.

9 (Whereupon IIEC Cross Exhibit
10 1P admitted into evidence.)

11 EXAMINER JONES: And, Mr. Robertson, were you
12 going to make an oral motion or have you decided not
13 to? We won't argue it now but, if you are going to
14 make one, we need to know.

15 MR. ROBERTSON: I thought I had. And that was
16 my intent.

17 EXAMINER JONES: I think you said you intended
18 to and we need to pin down the precise lines of
19 testimony involved and deal with it later.

20 MR. ROBERTSON: I have no objection to the
21 witness offering his own personal opinion about what
22 he thinks the intent of instructions are. I

1 really -- I was hoping that he would not say in his
2 direct or in his cross examination that he was
3 expressing his opinion of the intent of legislature
4 in adopting the Act. And that's my only problem.

5 MS. READ: Mr. Robertson invited the cross
6 questions and the witnesses --

7 EXAMINER JONES: I'm sorry to interrupt you but
8 if you --

9 MS. READ: We agree it's the witness' opinion.
10 That's what he stated it as.

11 MR. ROBERTSON: I don't think it's worth us
12 arguing about, to tell you the truth. Given his
13 redirect, I don't want to make an issue out of it at
14 this late point.

15 MS. READ: Your Honor, there were two other
16 things. Our Exhibit 3 had not been admitted yet
17 pending Mr. Robertson's objection and the issue of
18 whether the NFF report -- whether the Commission
19 could take administrative notice of the NFF report
20 for the purpose of verifying what it in fact says
21 but not for the truth of the matter asserted, was
22 left open too during my witnesses.

1 EXAMINER JONES: Is there a motion pending
2 regarding taking notice of the NFF report? Now, I
3 know that ComEd Exhibit Number 3 is still an open
4 issue.

5 MR. ROBERTSON: I will make such a motion.

6 MS. READ: We would not oppose as long as it
7 does not come in for the truth of the matter
8 asserted.

9 MR. ROBERTSON: Well, let me make sure I
10 understand. I think it could come in for the truth
11 as saying that he looked at 5,000 contracts or he
12 looked at 2,000 contracts. If you are worried about
13 his estimate of market value --

14 MS. READ: It's evidence that it states what it
15 states. The NFF is not available for cross
16 examination and it cannot come in for the truth of
17 the matter asserted.

18 MR. ROBERTSON: I will tell you what, it would
19 be easier for me to file a written motion rather
20 than take up everybody's time arguing about this,
21 and then the parties can reply.

22 EXAMINER JONES: I don't think we really want

1 any new motions after today. That's why I was
2 trying to pin down what motions are on the table.
3 Really, this is sort of -- we need to draw the line
4 somewhere. Now, we don't have time to argue any
5 pending motions tonight, I don't believe, unless
6 parties want a few moments to see if they can work
7 them out. And that's fine. But I don't think we
8 really want any new motions along those lines after
9 today.

10 So we do have some pending motions, but I
11 also don't want to hold people up. We have two more
12 witnesses to go on and now we are kind of circling
13 back to other people's motions and I think we need
14 to get to those other witnesses. Are you leaving,
15 Mr. Robertson?

16 MR. ROBERTSON: No, I was just going to get a
17 drink of water.

18 EXAMINER JONES: So I think we need to put some
19 kind of procedure into place to take up in some
20 fashion whatever pending motions are actually
21 pending at that point in time. I think maybe at
22 this juncture we probably need to give those last

1 two witnesses a chance to take the stand and for
2 those that have questions for them to ask them.

3 All right. There is one last thing
4 regarding the Crumrine/Nichols exhibits. They were
5 admitted subject to cross examination and I think
6 that was at the request of Mr. Munson, that that
7 string be attached. Is there any objection to
8 admitting them at this time? All right. There are
9 not. So just so the record is clear, Crumrine and
10 Nichols sponsored exhibits --

11 MS. READ: I said they certainly were subject
12 to cross examination.

13 EXAMINER JONES: Yeah, you can hardly debate
14 that one. So ComEd Exhibits 6, 7, 8, 9 and 10 are
15 admitted, just so there is no misunderstanding in
16 the record.

17 (Whereupon ComEd Exhibits 6,
18 7, 8, 9 and 10 were admitted
19 into evidence.)

20 EXAMINER JONES: All right. I think we are
21 ready for a witness. Certainly seems ready to be
22 sworn at this time.

1 (Whereupon the Witness was
2 duly sworn by Examiner Jones.)
3 (Whereupon Ameren Exhibits
4 3.0, 3.1, 3.2, 3.3, and 5.0
5 were marked for purposes of
6 identification as of this
7 date.)

8 K E I T H P. H O C K
9 called as a Witness on behalf of Ameren Energy
10 Companies, having been first duly sworn, was
11 examined and testified as follows:

12 DIRECT EXAMINATION

13 BY MR. FLYNN:

14 Q. Good evening.

15 A. Emphasis on evening.

16 Q. Would you please state your name and
17 spell it for the record.

18 A. Keith P. Hock, H-O-C-K.

19 Q. Mr. Hock, did you prepare direct
20 testimony in this proceeding which has been marked
21 as Ameren Exhibit 3.0?

22 A. Yes.

1 Q. And with that direct testimony have you
2 sponsored three exhibits designated as Ameren
3 Exhibits 3.1, 3.2, and 3.3?

4 A. Yes.

5 Q. And is that direct testimony and are those
6 three exhibits true and correct to the best of your
7 knowledge?

8 A. Yes.

9 Q. Did you also prepare rebuttal testimony
10 which has been marked as Ameren Exhibit 5.0?

11 A. Yes.

12 Q. All right. And on page 2 of that rebuttal
13 testimony on line 32 you propose a correction
14 specifically to insert the word "been," B-E-E-N,
15 between "have" and "proposed," is that right?

16 A. Yes.

17 MR. REICHART: What page again is that?

18 MR. FLYNN: Page 2, line 1.

19 Q. With that correction is that
20 testimony true and correct to the best of your
21 knowledge?

22 A. Yes.

1 MR. FLYNN: Mr. Examiner, I would move for the
2 admission into evidence of Ameren Exhibits 3.0, 3.1,
3 3.2, 3.3 and 5.0 which the correction noted by
4 Mr. Hock has been reflected on the copies provided
5 to the court reporter.

6 EXAMINER JONES: Are any of these proprietary?

7 MR. FLYNN: No, they are not.

8 EXAMINER JONES: Are there any objections to
9 the admission of Ameren Exhibits 3.0, 3.1, 3.2, 3.3,
10 and 5.0? If there are not, let the record show that
11 those exhibits are hereby admitted.

12 (Whereupon Ameren Exhibits
13 3.0, 3.1, 3.2, 3.3, and 5.0
14 were admitted into evidence.)

15 MR. FLYNN: Mr. Hock is available for cross
16 examination.

17 EXAMINER JONES: If my notes are correct, I am
18 reading them correctly, Staff and NewEnergy have
19 some cross. Anybody care to start off?

20 MR. FEIN: Sure.

21

22

1 CROSS EXAMINATION

2 BY MR. FEIN:

3 Q. Good evening, Mr. Hock.

4 A. Good evening.

5 Q. In your rebuttal testimony at page 2, in
6 your answer to the question that appears on that
7 page you discuss that we, and I gather when you
8 refer to we you are talking about Ameren, are still
9 experimenting to a great degree with competition; do
10 you see that phrase?

11 A. Yes.

12 EXAMINER JONES: I'm sorry, I missed your cite.

13 MR. FEIN: Sure, page 2 of the rebuttal
14 testimony.

15 EXAMINER JONES: Thank you.

16 Q. How many customers in Ameren's service
17 territory are taking delivery services currently.

18 A. We currently have approximately 600
19 customers on the PPO and approximately 250 customers
20 that are taking service from RESs.

21 Q. Do you know approximately how many
22 megawatts that represents?

1 A. We do not track PPO customers in the same
2 fashion as some of the other utilities. So we are
3 not tracking monthly or on any kind of regular basis
4 what the load is that's associated with that. The
5 load that is currently taken by the customers that
6 are being serve by RESs is on the order of a few
7 megawatts, certainly less than ten.

8 Q. And when you refer to the certainly less
9 than ten megawatts, that's where the 250 customers
10 that are taking delivery services from a RES, is
11 that what that figure was related to?

12 A. That is correct, yes. Let me qualify my
13 answer and state that not all of those customers
14 have been -- are active yet. In other words, they
15 are not all yet receiving power, but we have
16 received DASRs for them.

17 Q. Do you know of those 250 customers that
18 are taking service from a retail electric supplier,
19 are any of those retail electric suppliers
20 affiliated with the Ameren family of companies?

21 A. No.

22 Q. Do you know if any of those 250 customers

1 taking service from a RES are taking service from a n
2 affiliate of an Illinois electric utility or another
3 Illinois electric utility?

4 A. Yes.

5 Q. Do you know approximately how many out of
6 that 250?

7 A. Well, we have two active RESs, and I'm not
8 sure how to characterize one of them. But if it's
9 not every single one, it's virtually every single
10 one.

11 Q. Now, I believe you also mentioned at the
12 bottom of that same page of your testimony that
13 Ameren is still seeking the best method of buying
14 power and energy; do you see that reference on lines
15 41 and 42?

16 A. Yes.

17 Q. Would Ameren agree to allowing approval of
18 its proposed market value index tariff on an interim
19 basis to see if the method of valuing power and
20 energy that they have elected is the most viable, if
21 you know?

22 A. Well, subject to the exact conditions of

1 that interim activity of the tariff, yes, we would
2 be open to that.

3 Q. Now, if I could understand your testimony
4 on page 7 of your rebuttal testimony, do I
5 understand your testimony to say that Ameren is not
6 providing an imbalance service to its PPO customers?

7 A. We do not -- neither Ameren nor any of the
8 Ameren affiliates submit schedules on behalf of our
9 PPO customers. And we do not perform settlement
10 calculations on behalf of those customers.

11 Q. So do I take that that you would agree
12 that there are no imbalance charges included for PPO
13 customers in the Ameren service territory?

14 A. There are no charges on PPO bills for an
15 imbalance service.

16 Q. And on page 7, your answer that is on
17 lines 146 to 148 where you state, "As the
18 competitive market develops in Illinois and as
19 experience is gained regarding the cost of imbalance
20 energy for retail loads, the Commission may wish to
21 revisit this issue." Do you see that reference?

22 A. Yes.

1 Q. When you state that, when you use the
2 phrase "the competitive market develops in
3 Illinois," are you referring to specifically to the
4 Ameren service territory or was it meant as a
5 more --

6 A. It was intended to mean statewide.

7 Q. And how long should the Commission wait
8 until the competitive market develops in Illinois
9 before addressing this issue, in your opinion?

10 A. I don't have a specific amount of time in
11 mind, and I don't think it's appropriate to talk
12 about a specific time in terms of months or years.
13 I think the determining factor should be something
14 along the lines -- although I don't want to be
15 specific about it -- something along the lines of
16 numbers of customers that have switched to alternate
17 suppliers or percentage of loads, or something along
18 those lines.

19 Q. And if the Commission wants to wait to see
20 how the competitive market in Illinois develops, do
21 you believe that the Commission should look to see
22 how other utilities are handling imbalance charges?

1 A. It's Ameren's position that imbalance
2 service should probably be treated differently for
3 suppliers who are supplying retail customers and
4 customers who are dealing strictly in the wholesale
5 market. And for that reason we have filed separate
6 schedules in our OATT to handle those two different
7 types of customers.

8 Q. And is it Ameren's belief that imbalance
9 charges should be handled differently across the
10 utilities' service territories?

11 A. Can you clarify the question or restate
12 the question at least?

13 Q. Sure. Is it Ameren's position that energy
14 imbalance charges for retail loads should be handled
15 differently across Illinois utilities' service
16 territories?

17 MR. FLYNN: Do you mean differ from one service
18 territory to another?

19 MR. FEIN: Correct.

20 MR. FLYNN: Do you understand the question?

21 THE WITNESS: Yes.

22 A. I really don't have an opinion on

1 that.

2 MR. FEIN:

3 Q. Do you believe that handling imbalance
4 charges differently for retail loads across the
5 service territories of Illinois utilities will help
6 in the development of the competitive market?

7 A. I don't know the answer to that question
8 but I think that, as I have already stated, I think
9 certainly retail customers should be handled
10 differently than wholesale customers. And I am not
11 sure that any one utility at this point has the
12 answer as to which is the best way to handle
13 imbalance for retail customers.

14 MR. FEIN: No further questions.

15 EXAMINER JONES: Does Staff have some
16 questions?

17 MR. REICHART: Yes.

18 CROSS EXAMINATION

19 BY MR. REICHART:

20 Q. Good evening, Mr. Hock. My name is John
21 Reichart and I represent Staff. To begin my line of
22 questions I would like to refer you to page 7 of

1 your rebuttal testimony. In my line 152, in
2 response to a question you state, "Ameren would not
3 be opposed to the inclusion of a component in the
4 market value that reflects the fact that Ameren
5 requires RESs and CMSs to have a 15 percent reserve
6 margin. Under Ameren's recently filed OATT Schedule
7 4A reserve capacity is available from Ameren on a
8 daily basis to RESs supplying retail load. Ameren
9 proposes that the pricing for this component of the
10 market value be taken from Ameren's OATT Schedule 4A
11 using the pricing and methodology specified in
12 Schedule 4A, the Period A MVs that Ameren has
13 previously submitted would be modified accordingly;"
14 is that correct?

15 A. Yes.

16 Q. Can you state more precisely just how you
17 would make this adjustment?

18 A. Well, the adjustment that we have proposed
19 -- let me start over. We are not necessarily
20 proposing that what we have outlined is that we
21 should use that. All we are saying is that this is
22 one possible way to price the reserve margin

1 component of the market value.

2 What I have outlined in the data request
3 is that each on-peak day, which in the calculation
4 that we have done is Monday through Friday of each
5 week, and during on-peak hours which are 6:00 a.m.
6 to 10:00 p.m., you pick the highest hourly -- the
7 highest hour demand during those 16 hours and you
8 take 15 percent of that and you multiply it by the
9 rate that's in Schedule 4A and you do that for each
10 day and over the course of the entire year. And you
11 add that to the prices that have already -- that
12 were submitted with the Exhibit 3.1.

13 Q. A couple of questions on your explanation.
14 You said that you take this measurement on a daily
15 basis. So if you wanted to determine the charge for
16 the month, you would just add up the net of the
17 daily charges at the end of the month?

18 A. Right.

19 Q. Referring to your response again, you
20 indicated that you would use the daily capacity
21 charge from Schedule 4A?

22 A. Right.

1 Q. Is it correct that that charge currently
2 is 205.15 dollars?

3 A. I believe that's correct.

4 Q. You also indicated that under your
5 methodology you would only apply the daily capacity
6 charge found in Schedule 4A on weekdays, correct?

7 A. Correct.

8 Q. Now, is it true that Schedule 4A itself
9 applies the charge in question to every day?

10 A. Yes.

11 Q. Would Ameren be willing to apply the
12 capacity charge in its market value computation to
13 the same type of days to which the charge is applied
14 in 4A, whether that be just weekdays or everyday?

15 A. Yes.

16 Q. Referring back to your data request
17 response that you mentioned, in that response you
18 make reference to a recent FERC letter in Docket
19 ER00-612-000, correct? I think it's in response to
20 Part C.

21 A. That's correct.

22 Q. And that's where the daily charge of

1 205.15 dollars was approved, correct?

2 A. Yes.

3 Q. Now, is that 205.15 dollar capacity charge
4 that's found in Schedule 4A a cost-based rate?

5 A. I do not know how that figure was arrived
6 at, other than it was a negotiated value, it was a
7 negotiated rate as part of the settlement in that
8 case.

9 Q. Would you know if it was above cost?

10 A. I really do not know.

11 Q. Mr. Hock, I note that as late as Tuesday
12 of this week when Staff visited the Ameren OASIS web
13 site the Company's OATT listed a capacity charge of
14 \$7,860 per month. Could you tell me when the new
15 rate of 205.15 on a daily basis will become
16 effective?

17 A. The 205.15 again is only applicable for
18 Schedule 4A which is for retail. There are other
19 values -- and I don't know if 7060 is the right
20 number or not -- but there are other values for
21 monthly capacity, I believe, that are applicable for
22 wholesale. This rate in Schedule 4A is effective

1 immediately and in fact was subject to refund going
2 back to October 1 of 1999, I believe.

3 Q. Now, did you say that Schedule 4A only
4 applied to retail?

5 A. Right. Yes, the title of it is Illinois
6 Retail Energy Imbalance Service.

7 Q. I would like to show you for the purposes
8 of the record a copy of Schedule 4A that Staff
9 downloaded off the web site. On page 2 of the
10 schedule under paragraph 1, the schedule does make
11 reference to a capacity rate of \$7,860 per month; is
12 that correct?

13 A. Yes, it does. But this is not -- this
14 does not match anything that I have seen. This is
15 the first time I have ever seen this.

16 Q. Do you have any reason to doubt, based on
17 its markings and labelings, that it is not in fact
18 Schedule 4A as it appears?

19 A. Well, I just don't know how to answer the
20 question.

21 Q. Subject to check do you have any reason to
22 question its authenticity?

1 A. Well, I helped co-author the Schedule 4A
2 that we submitted, and was part of the negotiations
3 in the case. And I have -- this is the first time I
4 have ever seen this document. I have no explanation
5 for why that doesn't match the document that I have
6 been working from and, in fact, co-authored.

7 MR. FLYNN: What we would be willing to do is
8 get together with the Staff and get a correct copy
9 of Schedule 4A, whatever it is. This witness has
10 indicated that to the best of his knowledge this
11 particular version is not correct. And he's not
12 denying that it may have been on our web site but,
13 as I understand his testimony, to the best of his
14 knowledge this is not a true and correct copy of
15 what's on file with FERC, and effective. So we
16 would commit to work with the Staff and allow Staff
17 to submit as a late-filed exhibit a valid copy of
18 whatever is on file and effective with FERC.

19 EXAMINER JONES: Is that satisfactory, I guess
20 first of all, to Staff?

21 MR. REICHART: I think, if we can verify that,
22 that's satisfactory. I would like to proceed with

1 my questioning using this document because it's what
2 was on the web site and what we --

3 MR. FLYNN: I have no objection as long as the
4 questions are preceded with the phrase "Assuming
5 that this is a true and correct copy of Schedule 4A,
6 would the following be true." The witness can
7 qualify accordingly. But, otherwise, it's a
8 document that the witness has not authenticated and
9 has not accepted as being a correct copy of the
10 tariff. And it wouldn't be appropriate otherwise to
11 question him regarding the contents of a document he
12 says he has never seen before even though he's
13 co-author of the document, or of what that document
14 purports to be.

15 MR. REICHART: Again, I didn't anticipate having
16 a problem verifying its authenticity. I am
17 certainly agreeable to working with you to come to
18 agreement on the proper Schedule 4A, but for the
19 time being I would like to proceed with my cross and
20 also submit this, now that there could be a
21 potential question, as a Staff cross exhibit. And
22 if necessary, we could verify that in fact we did

1 download it off the web site. On Ameren's own web
2 site it indicates that this in fact is the Schedule
3 4A.

4 MR. FLYNN: I have no doubt that this is the
5 document that Mr. Reichart downloaded from the
6 Company's web site. Whether the Company posted the
7 correct document is another question. And if we
8 could only change our tariffs simply by posting
9 something on our web site, I'm sure we would.

10 But what the witness is suggesting very
11 strongly is that, to the best of his knowledge,
12 that's not what's on file with FERC and legally
13 effective now. And that's the problem. And as I
14 said, we have no problem working with Staff and
15 getting the correct document in the record. And I
16 don't have a problem with Staff questioning the
17 witness on the assumption that that is correct and
18 the witness is somehow wrong, as long as it's
19 understood that there is an assumption in all of
20 these questions regarding that, that this in fact is
21 correct.

22 EXAMINER JONES: Is that a satisfactory

1 arrangement with you?

2 MR. REICHART: I think that could work. I would
3 still like to enter this as an exhibit with that
4 understanding. I don't know --

5 MR. FLYNN: We have already offered a procedure
6 whereby the right document will get in. If that is
7 the right document, then it will come in. If it's
8 not, then it has no place in the record. Staff
9 won't be prejudiced if it is correct because Staff
10 will have been able to question the witness about
11 it. I don't see the prejudice that results to Staff
12 if the document doesn't go in right now. We want to
13 get it right. We are willing to do that.

14 MR. REICHART: Okay. We are agreeable to that.

15 MR. FLYNN: By the way, I want to say I don't
16 have any problem with the document being marked for
17 reference right now so that we can, to the extent
18 that it's an imposter, distinguish between it and
19 the real document.

20 MR. REICHART: I would ask -- I only have one
21 copy. I didn't realize that we would need to use
22 it, that there would be any question about its

1 contents. Could I ask to have it marked as Staff
2 Cross Exhibit Number 1 and then provide copies at
3 the close of the hearing?

4 EXAMINER JONES: Hopefully, the close of the
5 hearings won't be too much farther down the road.
6 But if nobody else has any problem with that, that's
7 all right with me. Does anybody have any problem
8 with Mr. Reichart doing that? All right. That's
9 okay. As I understand it, you are agreeing to the
10 procedure that Mr. Flynn outlined so that your
11 questions are in effect prefaced by that condition.

12 MR. REICHART: Under the assumption that this
13 Schedule 4A is the correct schedule, yes. I will --
14 if I forget to do that, please assume that that is
15 the preface for the remainder of my questions on
16 this.

17 EXAMINER JONES: Where is the document itself?
18 Is it in front of the witness or do you have it?

19 MR. REICHART: I have it.

20 EXAMINER JONES: Are you going to ask him
21 questions on it or not?

22 MR. REICHART: Yes.

1 THE WITNESS: The problem I have is, not only do
2 I not have a copy of this, but I have never seen it
3 before and am really unprepared to answer questions
4 on it. But I will do the best I can.

5 MR. REICHART:

6 Q. Mr. Hock, are you able to explain to me
7 where the \$7,860 monthly pass through charge came
8 from?

9 A. No, I am not.

10 Q. Would you agree that that number purports
11 to be a monthly capacity charge, similar to your
12 daily charge that we had referenced before, would be
13 applied to the maximum monthly demand for any given
14 month in order to determine the proper charge?

15 A. The rate in this document, to the best of
16 my knowledge, is a monthly demand charge. If we
17 were to try to use this rate in adjusting the market
18 values, then it would have to be on a monthly basis
19 and not a daily basis.

20 Q. If you desire to use this rate to -- if
21 you desire for this rate to be expressed as a daily
22 rate charge, would you agree that you could divide

1 this number by the average number of days in a
2 month?

3 A. Yes.

4 Q. Would you agree subject to check, if you
5 did so, you would come up with a number of \$258.41?

6 A. That sounds about right. I don't have a
7 calculator with me, though.

8 Q. Now, if we took that daily charge of
9 \$258.41 as it is applied here, would you also agree
10 that using a daily charge would effectively lower
11 the rate of \$7,860 per month unless the customer had
12 the same maximum demand each and every day of that
13 month?

14 A. That is a true statement, yes.

15 Q. And would you agree that the \$258.41 daily
16 capacity charge is higher than the 205.15 daily
17 capacity charge that was ultimately adopted in
18 Schedule 4A you referenced earlier?

19 A. Yes.

20 Q. Do you know if \$258.41 is closer to the
21 Company's actual cost of capacity?

22 A. I don't know.

1 Q. With respect to Ameren's cost of capacity,
2 whether the number is closer to the 7,860 per month
3 charge, the 258.41 daily charge, or the 205.15 daily
4 charge, would you say that Ameren is relatively
5 efficient so that its cost is relatively low
6 compared to industry norms in the Midwest?

7 A. I don't know.

8 Q. Is Ameren able to compete in providing
9 capacity-backed power in the wholesale market?

10 A. I don't know.

11 Q. Is Ameren able to make a profit selling
12 capacity on the wholesale market?

13 A. I don't know.

14 Q. Is the market for wholesale electric power
15 in the Midwest competitive in your view?

16 A. I don't know. I am not a trader so I am
17 not an expert on any of that material.

18 Q. Mr. Hock, you have agreed that an
19 adjustment to the market value is appropriate to
20 reflect reserve margin requirements?

21 A. Right.

22 Q. Now, in order to have an accurate

1 assessment of market value would you also include a
2 reserve margin adjustment to the IP market index,
3 essentially be analogous to the adjustment you have
4 agreed to for Ameren?

5 MR. LAKSHMANAN: Objection as to whether he is
6 able to add one into ours, which I believe is the
7 way the question was phrased.

8 MR. REICHART: I think he can answer the
9 question. Are you saying whether he has the ability
10 to add one?

11 MR. LAKSHMANAN: He doesn't have the authority
12 to speak on behalf of Illinois Power Company.

13 MR. FLYNN: I am going to interpose an objection
14 as well on the grounds that it is beyond the scope
15 of Mr. Hock's testimony which has been to describe
16 certain aspects of the Company's proposed tariffs
17 and to respond to criticisms of the Company's
18 proposed tariffs. He has not engaged at any time in
19 a critique of IP's proposal in his testimony, and
20 there is nothing in his testimony that I recall or
21 that I have seen now which suggests that he has
22 undertaken a review of IP's tariff.

1 MR. REICHART: I believe, first of all, he does
2 respond to discussion of IP's tariff on page 5 of
3 his testimony.

4 MR. FLYNN: I stand corrected. Mr. Reichart is
5 correct that the limited issue of whether the IP
6 methodology, the 12-month ruling methodology, should
7 be applied to the Ameren tariff. He has commented.
8 But beyond that he has not.

9 Q. And I am simply asking generally, all
10 things being equal, to the extent that IP has a
11 similar reserve margin requirement, would you agree
12 that adjustment to market value is appropriate?

13 MR. LAKSHMANAN: Objection, lack of foundation.
14 I don't know whether he knows, much less whether he
15 is capable of defining it.

16 MR. REICHART: I think he can respond to this
17 hypothetical. I am saying assuming there is a
18 reserve margin requirement similar to the one that
19 is applicable in the Ameren service area. I am
20 simply asking him if a similar adjustment would be
21 made.

22 MR. FLYNN: I have the same objection to the

1 prior question. Mr. Hock is not being offered for
2 the purpose of testifying with respect to the IP
3 tariff and how that tariff might be changed or
4 altered. And he has not offered any testimony in
5 that regard either on a prepared basis or in
6 response to a prior question. This is simply beyond
7 the scope of what Mr. Hock has testified to.

8 EXAMINER JONES: Mr. Reichart, are you saying
9 that the record shows that IP does in fact have a
10 similar requirement? Are you making that assertion
11 that the record shows that?

12 MR. REICHART: I am not. I am asking to assume
13 that, hypothetically, would the same reasoning or
14 justification for applying this adjustment to Ameren
15 apply to IP.

16 EXAMINER JONES: Well, the objections from -- we
17 have objections from two parties and it's a close
18 call. But, frankly, I don't think there has been a
19 sufficient foundation laid to proceed with this
20 question and require this witness to answer it.

21 MR. REICHART: That's all I have.

22 EXAMINER JONES: I think we need to figure out

1 where we are at with the one possible exhibit. I
2 don't know that the one schedule has ever been
3 marked in any fashion. I'm not saying it should.
4 There was some discussion of that so I just
5 mentioned I don't think that it has. And also I
6 think Mr. Flynn indicated that he will work with
7 Staff to submit a copy of the currently effective
8 tariff.

9 MR. FLYNN: I thought that Mr. Reichart had
10 asked that the document he showed the witness be
11 marked as Staff Cross Exhibit.

12 EXAMINER JONES: He may have. I'm not sure.
13 But if that's the intent, is this Staff's first
14 cross exhibit?

15 MR. REICHART: That's right.

16 EXAMINER JONES: So, Ms. Reporter, if we could
17 mark this as Staff Exhibit Number 1. It's my
18 understanding that's not to be offered into evidence
19 as such at this time. But if it is in fact the
20 currently effective tariff, then it will be made
21 known and that will become part of the evidentiary
22 record.

1 MR. FLYNN: That's correct. And to the extent
2 that there is a different document that is the
3 currently effective Schedule 4, that will be offered
4 in.

5 EXAMINER JONES: In substitution for this one.

6 MR. FLYNN: In substitution for the document.

7 EXAMINER JONES: Does anybody else have any
8 objections to that particular procedure?

9 MR. LAKSHMANAN: The only thing I would suggest,
10 if it could somehow be circulated, assuming it is
11 not confidential.

12 EXAMINER JONES: How long do parties need to
13 make that filing?

14 MR. FLYNN: I am certain that when Mr. Hock
15 gets into the office bright and early tomorrow
16 morning he can investigate the accuracy of the
17 document that Staff downloaded from the web site.
18 So not very long is the answer. I assume that by
19 Monday we could have this worked out.

20 EXAMINER JONES: All right. So we will have
21 something to put in the record, we will say, seven
22 days. Is that satisfactory?

1 MR. FLYNN: That is more than satisfactory.

2 Thank you.

3 (Whereupon Staff Cross
4 Exhibit 1 was marked for
5 purposes of identification as
6 of this date.)

7 EXAMINER JONES: Is there any redirect?

8 MR. FLYNN: There is none.

9 EXAMINER JONES: Just a couple quick questions
10 for you, sir.

11 EXAMINATION

12 BY EXAMINER JONES:

13 Q. Would you refer to your direct testimony,
14 please, Exhibit 3.0? All right, page 4, line 80.
15 You refer to the term "domain's analysis." Could
16 you explain what that is?

17 A. I would like to refer to our data request
18 that we received on June 12 in which we explained
19 the domain's analysis. If you would just give me a
20 minute to find that.

21 Q. Sure.

22 A. Domain's analysis is the study of load

1 characteristics of self-populations of existing load
2 research examples. The desired load characteristics
3 are other than those for which the sample was
4 originally designed.

5 A. Thank you. Now, lastly, could you refer
6 back to page 7 of your rebuttal, please? The page
7 should be pretty well dog-eared by now.

8 MR. FLYNN: Is that the real page 7 or the one
9 they downloaded?

10 Q. Do you have that in front of you.

11 A. Yes.

12 Q. Now, in response to the first question on
13 that page regarding imbalance charges, I believe you
14 made the statement that retail should be handled
15 differently than wholesale. Do you remember saying
16 something like that?

17 A. Yes.

18 Q. Why is that?

19 A. We recognize the fact that it's probably
20 going to be more difficult for suppliers that are
21 supplying retail load to schedule as accurately as
22 suppliers that are supplying wholesale load.

1 Q. And, lastly, in the second Q and A on that
2 page you refer to some testimony regarding
3 transmission requirement and in your answer to that
4 question you refer to a reserve margin requirement.

5 A. Right.

6 Q. Could you tell me what the relationship,
7 if any, is between those two terms as you understand
8 them?

9 A. My understanding of the word "transmission
10 requirement" are the set of requirements that a
11 transmission customer must meet in order to secure
12 transmission service. Reserve margin is one of
13 those requirements.

14 EXAMINER JONES: That's all the questions I
15 have. Thank you. Any follow-up questions? Okay,
16 there are not. That concludes the questions for
17 Mr. Hock. Thank you, sir.

18 MR. FLYNN: We have Mr. Nelson's testimony.
19 Just a quick motion.

20 EXAMINER JONES: Do we have that up here?

21 MR. FLYNN: Yes, we do. What we have done is
22 attached an affidavit to the last page of that

1 exhibit. What I can do is circulate a copy of the
2 affidavit to all the parties tomorrow.

3 EXAMINER JONES: If anybody wants one.

4 MR. FLYNN: We would move for the admission
5 into evidence of the direct testimony of Craig
6 Nelson which has been marked as Ameren Exhibit 1.0
7 and consists of questions and answers and three
8 schedules and has as its last page an affidavit of
9 Mr. Nelson attesting to the truthfulness of all the
10 information contained in that exhibit.

11 EXAMINER JONES: That's 1.0?

12 MR. FLYNN: Yes. You may recall that the
13 parties indicated that they did not have any cross
14 examination for Mr. Nelson and his exhibit was
15 allowed to come in by affidavit.

16 EXAMINER JONES: Let the record show Ameren
17 Exhibit 1.0, being the direct testimony of
18 Mr. Nelson under affidavit, is hereby admitted. And
19 that has three schedules attached to it; is that
20 correct?

21 MR. FLYNN: Yes, it does.

22 EXAMINER JONES: Thank you.

1 (Whereupon Ameren Exhibit 1.0
2 was marked for purposes of
3 identification as of this date
4 and admitted into evidence.)

5 MR. LAKSHMANAN: Your Honor, before we do the
6 next witness can we just have a minute break?

7 (Whereupon the hearing was in
8 a short recess.)

9 (Whereupon CILCO Exhibit 3.0
10 was marked for purposes of
11 identification as of this
12 date.)

13 EXAMINER JONES: Why don't we go ahead and
14 resume? I believe we have one more witness; is that
15 right?

16 MR. SEIDEL: That's correct. Ms. Heidi Munson
17 has not been sworn yet.

18 (Whereupon the Witness was
19 duly sworn by Examiner Jones.)

20

21

22

1 H E I D I M U N S O N

2 called as a Witness on behalf of Central Illinois
3 Light Company, having been first duly sworn, was
4 examined and testified as follows:

5 DIRECT EXAMINATION

6 BY MR. SEIDEL:

7 Q. Would you please state your name and
8 business address for the record.

9 A. Heidi Munson and my address is 300 Liberty
10 Street, Peoria, Illinois 61602.

11 Q. Do you have before you a document that has
12 been marked for identification purposes as CILCO
13 Exhibit 3.0 consisting of five typewritten pages
14 with nine questions and answers bearing the title
15 "Prepared Direct Testimony of Heidi M. Munson on
16 Behalf of Central Illinois Light Company, Docket
17 Numbers 00-0259, 00-0395, 00-0461 Consolidated"?

18 A. Yes, I do.

19 Q. Is CILCO Exhibit 3.0 the prepared direct
20 testimony that you have prepared to submit as your
21 direct testimony in this docket?

22 A. Yes, it is.

1 Q. Are there any changes or corrections to
2 CILCO Exhibit 3.0?

3 A. Yes.

4 On line 37, page 2 of 5, between the
5 words "on" and "energy," insert the word "firm."

6 On page 5 of 5, on line 87, strike "ten
7 business" and change that to "seven calendar."

8 On line 89, the sentence that starts
9 "that leaves," strike "about a week" and put "less
10 than two weeks."

11 On line 90, strike "ten business" and
12 replace it with "seven calendar."

13 Q. Does that conclude the corrections to your
14 prepared direct testimony?

15 A. Yes.

16 Q. If I were to ask you the questions
17 appearing in CILCO 3.0, would your answers be the
18 same as appear therein?

19 A. Yes.

20 MR. SEIDEL: Mr. Examiner, I offer the CILCO
21 Exhibit 3.0 into evidence and make Ms. Munson
22 available for cross examination.

1 involved in the electric retail customer choice
2 market for the last four years; is that correct?

3 A. Yes.

4 Q. Turning to your testimony at page 4, lines
5 81 through 84, I think you state -- try to get this
6 right -- "In comparison, such proposal causes
7 customers to make a quicker decision based on the
8 current known values and may complicate the
9 customer's decision-making and hinder competition"?

10 A. Correct.

11 Q. When you were discussing customers in that
12 case, did you have any customers in particular in
13 mind?

14 A. None in particular.

15 Q. Okay. Are you familiar with, I believe
16 the term or the acronym is, the IEC?

17 A. Yes, in general I am.

18 Q. What does the IEC stand for?

19 A. It stands for Illinois Energy Consortium.

20 Q. How would you describe it in general?

21 A. In general, it's a group of school boards
22 that have gotten together and formed an energy

1 buying group to hopefully aggregate and get lower
2 prices on electricity for the schools in their
3 districts.

4 Q. Do you know about when that consortium
5 started seeking members?

6 A. It started marketing the fall of last
7 year.

8 Q. Do you know whether the members make the
9 IEC their exclusive marketer for electric power and
10 energy?

11 A. No. I am not a lawyer so I don't feel
12 that I'm --

13 Q. Do you happen to know whether the IEC had
14 in fact joined up any members in Illinois Power
15 Company's territory prior to August 1 of the year
16 2000?

17 A. Again, not being a lawyer, I can't give a
18 lawyer's interpretation of the agreement. But my
19 understanding is that customers had signed
20 participation agreements that, in general again my
21 understanding is, that they allowed the IEC and
22 CILCO as its program administrator to get historic

1 usage and compute savings analyses. But it's my
2 understanding that these participation agreements
3 did not give any authority to submit DASRs until
4 prices were known and savings projections were
5 given. And it was anticipated, with known market
6 values, that the schools could save money.

7 MR. LAKSHMANAN: I move to strike the entire
8 response as not responsive to the question asked.

9 EXAMINER JONES: Could we hear the question
10 back, please, and the answer.

11 (Whereupon the requested
12 portion was then read back by
13 the Reporter.)

14 EXAMINER JONES: Objection overruled. I think
15 that was an attempt to answer the question that was
16 asked.

17 MR. LAKSHMANAN:

18 Q. Were any of the participation agreements
19 entered into -- and I believe that was the term you
20 used -- prior to August 1 of 2000?

21 A. Yes.

22 Q. Thank you. I believe you also mentioned

1 that none of those could be acted upon, no DASRs
2 could be submitted -- I just want to be sure I heard
3 that correctly -- until a future date, is that
4 correct, if I understood what you said?

5 A. To the best of my knowledge.

6 Q. You are not sure whether that in fact is
7 the case?

8 A. I know that that is what happened. I
9 don't have a lawyer's interpretation of the piece of
10 paper that was signed.

11 Q. So you don't know whether that was a
12 requirement of the agreement or whether that just is
13 the way it happened in fact?

14 A. I can't speak for the IEC.

15 Q. Do you happen to know if any of the
16 schools you were talking about in Illinois Power
17 Company's territory have already taken choice under
18 that program?

19 A. Yes, I know that they have.

20 MR. LAKSHMANAN: Thank you. That's all my
21 questions.

22 EXAMINER JONES: Is there any other cross

1 examination for Ms. Munson?

2 MS. READ: Yes.

3 CROSS EXAMINATION

4 BY MS. READ:

5 Q. Ms. Munson, on page 2 of your testimony,
6 line 35, you referenced account capacity and reserve
7 costs, and on line 8 you reference adjustments. Do
8 you see those references?

9 A. Uh-huh.

10 Q. Is it correct your testimony does not
11 discuss any adjustment for account capacity and
12 reserve costs?

13 A. That is correct.

14 Q. That adjustment was discussed by
15 Ms. Lancaster?

16 A. That is correct.

17 Q. And you understand that Ms. Lancaster's
18 testimony doesn't apply to ComEd's proposal?

19 A. That is correct.

20 MS. READ: No further questions.

21 EXAMINER JONES: Any other cross? There is not
22 any. Any redirect?

1 MR. SEIDEL: No, there is not any redirect.

2 EXAMINER JONES: All right. That concludes the
3 questions for Ms. Munson. Thank you.

4 Off the record regarding pending matters
5 and related scheduling.

6 (Whereupon there was then had
7 an off-the-record discussion.)

8 EXAMINER JONES: Back on the record. There was
9 an off-the-record discussion for the purposes
10 indicated. It was noted that there are, I believe,
11 three pending motions that are in matters of dispute
12 at this point in time. Due in part to the hour
13 being about 8:18 p.m., there was some discussion
14 about the best time to take these up. Although
15 there may be other ways to handle that, I think that
16 what is the result of that discussion is a motion
17 hearing at which these will be argued by phone on
18 October 13 at 11:00 a.m. Did you want to specify
19 an order in which these will be taken up?

20 MS. READ: I would propose the ComEd/IIEC
21 discussion on Exhibit 3 go first, followed by the
22 IIEC/Illinois Power motion to strike debate,

1 followed by the Illinois Power/CILCO debate.

2 EXAMINER JONES: Any objection to that order?

3 MR. FLYNN: No.

4 MR. LAKSHMANAN: No.

5 MR. ROBERTSON: No.

6 EXAMINER JONES: That's what we will do then at
7 the close of this hearing today, which won't be a
8 very long time from now.

9 I do need to note there were a couple of
10 other points during the off-the-record discussion.
11 One regarded some of the confidential material, both
12 exhibits and in camera transcript portions when
13 those become available. And I believe Ms. Read has
14 indicated that she or someone working with her will
15 coordinate that essentially, in order to take care
16 of that.

17 I also noted, I will just mention it for
18 on the record purposes, that from my end we may be
19 issuing some sort of draft format on an outline
20 brief orientation basis. If we do that, that will
21 be submitted to the parties on Tuesday or Wednesday
22 at the latest for any comment with regard to that.

1 And I think that basically takes us where
2 we need to get at this point. Anything else for the
3 record? Let the record show there is not. So just
4 so there is no misunderstanding, subject to the
5 above-referenced motions which do have evidentiary
6 issues in them and other respects, the evidentiary
7 record is concluded at this point in time. We thank
8 the parties for their participation and
9 perseverance. And at this time this matter is
10 continued for the purposes mentioned above to
11 October 13 at 11:00 a.m. by phone.

12 (Whereupon the hearing in
13 this matter was continued
14 until October 13, 2000, at
15 11:00 a.m. in Springfield,
16 Illinois.)

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1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)
3 CASE NO.: 00-0259, 00-0395 & 00-0461 CONSOLIDATED
4 TITLE: COMMONWEALTH EDISON COMPANY
5 CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
 UNION ELECTRIC COMPANY
6 ILLINOIS POWER COMPANY
7
8

9 CERTIFICATE OF REPORTER

10 We, Carla J. Boehl and Cheryl A. Davis, do
 hereby certify that we are court reporters
11 contracted by Sullivan Reporting Company of Chicago,
 Illinois; that we reported in shorthand the evidence
12 taken and proceedings had on the hearing on the
 above-entitled case on the 5th day of October, 2000;
13 that the foregoing pages are a true and correct
 transcript of my shorthand notes so taken as
14 aforesaid and contain all of the proceedings
 directed by the Commission or other persons
15 authorized by it to conduct the said hearing to be
 so stenographically reported.

16 Dated at Springfield, Illinois, on this 11th day
 of October, A.D., 2000.
17

18

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